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Current History

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APRIL, 1977

CANADA, 1977

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Current History

FOUNDED IN 1914

APRIL, 1977
VOLUME 72 NUMBER 426

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Published monthly (combined issues May/June and July/August) by Current History, Inc., 4225 Main Street, Philadelphia, Pa. 19127. Second class postage paid at Phila., Pa., and additional mailing offices. Indexed in *The Reader's Guide to Periodical Literature*. Individual copies may be secured by writing to the publication office. No responsibility is assumed for the return of unsolicited manuscripts. Copyright ©1977, by Current History, Inc.

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VOL. 72, NO. 426

In this issue, seven specialists analyze and evaluate the economic, political and social problems that confront Canada in the late 1970's. Our introductory article examines the unique relationship between Canada and the United States, noting that "... to say that Canada and the United States are firmly linked and deal with one another as lifelong friends is not to deny that their special relationship is marred by occasional difficulties."

Canada and the United States: A Special Relationship

BY RICHARD H. LEACH

Professor of Political Science, Duke University

IN general, Canadian-American relations have been marked by a degree of intimacy unusual, if not unique, in the world of nations. As Canadian Prime Minister Pierre Elliott Trudeau put it in 1976:

Over hundreds of years [the two countries] have worked and

¹Prime Minister Pierre E. Trudeau, Foreword to *Between Friends/Entre Amis* (Ottawa: National Film Board of Canada, 1976).

²Allan J. MacEachen, Secretary of State for External Affairs, "New Balance Sought in Canada-U.S. Relations," remarks at a dinner given in his honor by United States Secretary of State Henry A. Kissinger, Washington, D.C., August 17, 1976. Government of Canada, Department of External Affairs, *Statements and Speeches*, no. 76/22, p. 1.

³Trudeau, *op. cit.*

⁴OISE Publications (Ottawa: The Ontario Institute for Studies in Education, fall, 1976), p. 1.

⁵One result of the current spate of issues between Canada and the United States has been a burgeoning literature on the subject. See especially Dale C. Thomson and Roger F. Swanson, *Canadian Foreign Policy: Options and Perspectives* (Toronto: McGraw-Hill Ryerson, 1971), especially chapter 8; Peter C. Dobell, *Canada's Search for New Roles: Foreign Policy in the Trudeau Era* (Toronto: Oxford University Press, 1972), especially chapter 5; Richard P. Bowles et al., *Canada and the U.S.: Continental Partners or Wary Neighbors* (Toronto: Prentice-Hall, 1973); John Sloan Dickey, *Canada and the American Presence* (New York: New York University Press, 1975); H. Edward English, ed., *Canada-United States Relations* (New York: The Academy of Political Science, 1976); and *International Perspectives*, Special Issue 1976, pp. 5-30.

played together, laughed and mourned together, fought side by side against common enemies. [Their] two peoples have helped each other repair the havoc of natural disaster, inspired and applauded each other, opened [their] hearts and [their] homes to each other as to valued and welcome friends.

On both sides of the border, there is pride in the fact that "the friendship between Canada and the United States is a lesson of peace to all nations."¹ Any consideration of Canadian-American relations must be placed against the backdrop of that long history.

Yet to say that Canada and the United States are firmly linked and deal with one another as lifelong friends is not to deny that their special relationship is marred by occasional difficulties. As Secretary of State for External Affairs Allan J. MacEachen observed in August, 1976, "There has always been a full agenda of common interests to be pursued" by the two countries, but there have also been "problems to be resolved. There always will be."² Indeed, the two nations have often "had serious differences of opinion, misunderstood each other, struggled against each other's competing ambitions."³ In the mid-seventies, "the interaction between Canada and the United States . . . [became] a matter of active, even strident discussion."⁴ The special relationship may not be in danger of dissolving, but it is now under a great deal of stress.⁵

That Canada and the United States would not altogether see eye to eye was predictable from the beginning. Canada did not side with the United States in the

American Revolution; thus she developed different internal practices and external policies. She also grew much more slowly and along different lines, even now mustering only some 23 million inhabitants to the nearly 215 million in the United States. She faces different problems of regional and cultural distinctions and disparities, economic development, and defense and international relations. As Canada matured as a nation, moreover, she grew in the shadow of the American presence. From the beginning, Canadian-American relations have been asymmetrical; "in nearly all . . . situations capable of quantitative description, the asymmetry 'favors' the United States. . . ."⁶

In such a situation, Canadians have often been restive. In the late 1960's, Canada finally determined to attempt to come out from under the American shadow. Under Prime Minister Trudeau she sought "to affirm [her] identity and independence";⁷ because she had reached a certain level of development and because the Soviet threat to the North American continent seemed to have eased somewhat.

ECONOMY AND TRADE

Any discussion of economic and trade relations between Canada and the United States must begin by noting that the two countries are each other's best customers. Canada sells about three-fourths of her exports to the United States and buys about one-fifth of all United States exports, in an exchange of goods that amounted in 1974 to about \$33 billion. Obviously nowhere is the asymmetry between the two countries more evident than in their economic relations. In the course of its own development, the United States economy has all but engulfed the economy of Canada. "United States companies control 58 percent of Canada's oil and natural gas industry, 45 percent of [her] manufacturing, 43 percent of [her] mining and smelting and 36 percent of [her] pulp and paper industry."⁸ Moreover, Canada has increasingly relied on the importation of United States manufactured products to satisfy her consumers; about 85 percent of her imports come from the United States, no doubt in part the result of the ready access of Canadian viewers to product advertising in American media. The result of such de-

pendence has been rapidly mounting trade deficits with the United States, which Canada has attempted to make up by increasing exports. Unfortunately, much of what Canada has to export is "in the form of badly-needed, non-renewable natural resources, including large quantities of oil and natural gas,"⁹ and wood and paper products.

In an attempt to correct the country's economic balance with the United States, the Canadian government has recently embarked on a policy of economic nationalism, among other things enacting the Foreign Investment Review Act, aimed at restricting foreign (chiefly United States) companies in establishing new or expanding existing operations in Canada, and developing the so-called "third option" policy, which leads Canada to seek to establish stronger economic links with other parts of the world, particularly with the European Community and Japan, thus hopefully reducing "the preponderant impact of the United States" on her economy.¹⁰

While these and related actions have led to uncertainty in Canadian-American relations, they have not yet effected any basic alteration in the Canadian economic equation. Canada's need for investment capital and consumer goods is still largely met by United States companies. However, "the mood in Canada has been and is changing." Canada increasingly evidences

a maturing confidence combined with a realization that [she has] already sold off much more of [the] country than [she] should have, or could really afford to. Eventually politicians in Canada will have to respond to public opinion, and even sooner to urgent economic pressures. Americans would be wise to accept the inevitability of this response and plan for it now.¹¹

More than any other factor, the energy interconnection between Canada and the United States ties the two countries together. Canadian crude oil has long been exported to the United States midwest through a direct line from the Alberta and Saskatchewan oil fields to the Chicago and other Great Lakes markets via the facilities of the Interprovincial Pipeline Company, and to the state of Washington direct from the Alberta and British Columbia fields via the Transmountain Pipeline. Canadian-produced natural gas is about equally divided between domestic markets and exports to the United States. Ontario is dependent on United States coal to meet many of her industrial and energy needs, and there is a roughly equal electrical energy trade between the countries. When the Arab oil embargo hit the West, "the immediate instinct of both [countries was] to seek security in energy self-sufficiency"¹²; Canada's need was particularly acute, because:

Energy plays a disproportionately larger role in Canada than in many other countries, due to the facts of geography and climate. Canadians require a comparatively large amount of energy per capita to provide the food, shelter, clothing, transportation and communications needed to live in reasonable physical comfort.¹³

⁶Dickey, *op. cit.*, p. x.

⁷Peyton V. Lyon, "The United States: Good Friend and Benevolent Neighbour," *International Perspectives*, Special Issue 1976, p. 14.

⁸Peter Arnett, "Canada: A Troubled Neighbor, Part II," *The Durham [N.C.] Sun*, December 30, 1976, p. 17A.

⁹Mel Hartig, "The Sharing Has Been Done: Now We Need Equitable Dividing," *International Perspectives*, Special Issue 1976, p. 11.

¹⁰Government of Canada, Department of External Affairs, *Annual Review 1975* (Ottawa: 1976), p. 5.

¹¹Hartig, *op. cit.*, p. 13.

¹²Dickey, *op. cit.*, p. 153.

¹³Government of Canada, Statistics Canada, *Canada Year Book 1974* (Ottawa: 1974), p. 509.

And these requirements are steadily increasing. The Arab oil embargo led Canada to reassess her seemingly plentiful oil and gas resources and to conclude that earlier estimates of her reserves were grossly exaggerated. Today, it is believed that present Canadian gas production, for example, "will meet Canadian requirements and commitments to United States consumers for six to eight [more] years."¹⁴ Following that reassessment, Canada examined her energy export policies and announced staged reductions in the amounts of oil that could be exported to the United States; a ban on exports will be reached by 1982. At the same time, all new export applications for gas were denied. An export tax was placed on oil to bring it into a better relationship "to alternative fuels and . . . to the capital needs for ensuring adequate exploration and development to meet future energy requirements" at home. To put it mildly, these actions "created difficulties for Americans accustomed to importing Canadian energy" freely and cheaply.¹⁵

Although the United States reaction to the new Canadian policy was sharp, the two governments continued to work together on the energy problem, "ready to examine particular projects on a case-by-case basis . . .,"¹⁶ and to work with other nations through a variety of mechanisms to develop longer-run solutions. But it is coming to be recognized that, so far as the bilateral relationship is concerned,

Ultimately, nothing less than . . . creative collaboration may be necessary . . . a fundamental first step that might now also be both psychologically reassuring to Americans and politically acceptable to Canadians would be the creation of a joint clearing house for a continuous, systematic exchange on energy conservation. . . .¹⁷

Later, in recognition of the basic similarity of Canadian-United States interests in energy matters, the joint development of a continental energy policy and program might become possible.

Canada has not always viewed the United States as

¹⁴Canadian Embassy in the United States, Public Affairs Division, *Canada Today/D'aujourd'hui*, vol. 7, no. 8 (November, 1976), p. 8.

¹⁵Allan J. MacEachen, Secretary of State for External Affairs, "Canada and the United States: A Dynamic Relationship," a speech to the joint meeting of the Royal Society of Canada and the American Academy of Arts and Sciences, Laval University, Quebec City, June 8, 1976. Government of Canada, Department of External Affairs, *Statements and Speeches*, no. 76/20, p. 5.

¹⁶*Ibid.*, p. 6.

¹⁷Dickey, *op. cit.*, p. 161.

¹⁸C. P. Stacey, "Twenty-one Years of Canadian-American Military Co-operation," in David R. Deener, ed., *Canada-United States Treaty Relations* (Durham: Duke University Press, 1963), p. 103.

¹⁹*Ibid.*, p. 106.

²⁰Dobell, *op. cit.*, p. 23.

²¹Department of External Affairs, *Annual Review 1975*, p. 31.

²²Dobell, *op. cit.*, p. 26.

a partner in the defense of the North American continent. At least until 1871, when the Treaty of Washington was signed, Canada looked at the United States as a real or potential enemy rather than as a friend. Indeed, it was only "when the settlement of 1871 liquidated the Anglo-American disputes left behind by the American Civil War . . . that one can speak with any accuracy of an unfortified frontier." And it was not until 1940 that the two nations entered into a period of common interests and cooperation, and "of actual alliance."¹⁸ In that year, United States President Franklin D. Roosevelt and Canadian Prime Minister Mackenzie King signed the Ogdensburg Declaration, which established the Permanent Joint Board on Defense and in which the United States announced its willingness to protect Canada from foreign aggression. Under the Permanent Joint Board, Canada and the United States "worked together for the defeat of Germany and Japan, not without misunderstandings, but without encountering difficulties so serious as to menace the goodwill subsisting between them or to constitute a material hindrance to the joint effort."¹⁹

After the war, Canada agreed with the United States that the major threat to world peace—and to continental safety—was the Soviet Union. Thus the two countries joined NATO in the expectation that the first line of defense against Soviet aggression would be in Europe; later (1958), "as the Soviet Union developed nuclear weapons and acquired a modest intercontinental bomber force," Canada entered "the NORAD (North American Air Defense) Agreement with the United States to provide an integrated defense against possible Soviet bomber attacks."²⁰ Subsequently, in 1959, the Defense Production Sharing Agreement was negotiated, under which the United States could be assured of Canadian sales of military supplies for their joint defense.

The Vietnam War, a war which Canada did not join and which was opposed by most Canadians, put a severe strain on Canadian-American joint defense arrangements. The drive for Canadian economic nationalism, which became strong in the later 1960's, added further strain. Thus, although NORAD was renewed with no trouble in 1972, when it came up for renewal in 1975, the Canadians insisted on the insertion of a proviso in the agreement that it could be terminated on one year's notice and demanded the transfer of "responsibility for control of Canadian airspace to a Canadian command centre"²¹ (command had previously been exercised from an "integrated" headquarters in Colorado Springs).

Arrangements for joint Canadian-American maritime defense have been based on informal rather than formal cooperation. "That there has been less criticism of this co-operative defense activity than of air defense probably relates . . . to the less obtrusive character of maritime forces."²²

Writing in 1975, John Sloan Dickey warned that

Americans should be alert to the possibility that in the not too distant future, "the mounting militancy of Canadian nationalism" may make the alliance with the United States a special target for attack. Indeed, he went on, "in this matter the primary potential Canadian concern is not the physical manifestations of an American presence, but the alliance itself, with its foreign policy implications and its inescapable aura of dependence."²³

DIPLOMATIC RELATIONS

It is clear that Canada and the United States are so ineluctably linked that they must deal with each other regularly on a wide variety of issues. They do so in the public sector primarily through the Canadian Department of External Affairs and the United States Department of State, although Canadian-American contacts are so complicated that most government departments and agencies on both sides of the border are involved at one time or another. Generally, the two governments display

a disposition . . . to consult with each other about potential issues whenever possible. Both sides have accepted this principle to the point where prior consultation and discussion are a day-to-day feature of . . . government-to-government relations.²⁴

[The] habit of ready and continuing willingness to communicate openly . . . means that representatives from two neighboring nations—nations who know and trust each other well—are able to speak candidly and realistically as friends. And, while it does not follow that sentiment and goodwill alone colour [their] perceptions of each other, neither are these irrelevant or unworthy factors.²⁵

A difference in style should be recognized. Canadian diplomats have traditionally emphasized "moderation."

American diplomacy, in contrast, has often been marked by . . . flamboyance . . . Presidents of the United States have felt the need to make Washington-style "declarations" of principle or, following Monroe, to establish "doctrines." For their part, Canadian leaders have sought to champion conciliation, moderation and patience. Even [in] . . . trying to put into effect a policy of independence [Canadians state it] as an "option" rather than a doctrine. . . .²⁶

To a certain extent, the very closeness of the two nations makes ordinary diplomatic procedures less important. Many problems are eventually settled by treaty—the United States has more bilateral treaties and other

agreements in force with Canada than with any other nation (the list as of January 1, 1976, running to 15 pages in the Department of State's publication, *Treaties in Force*). But a great many more problems are settled informally.

The United States normally waits to see what Canada is going to do, whether the action or policy is likely to be injurious to some specific United States interest or policy, and acts accordingly.

Rarely does the United States take the initiative; "American policy is normally reactive, nonaggressive, and patient."²⁷

Thus it would be improper to say that the United States has a fixed Canadian policy, nor for that matter does Canada have a set policy vis-à-vis the United States. What Peter Dobell concluded in 1972 about Canada applies with equal truth to the United States: Canadian governments prefer, wrote Dobell, "to attack the problem of formulating . . . policy toward the United States on a piecemeal basis, dealing with various areas separately." The "complications and intricacies facing the formulators of a complete and consistent" policy are simply too many to permit it.²⁸ The presumption on both sides, of course, is that they will continue to work together in approximate harmony.

A number of diplomatic disputes that "remain unresolved and potentially inflammable" are currently intruding into that basic transborder accord. "Almost as soon as he takes office," an Associated Press dispatch declared in January, 1977, "President-elect Carter will face some key decisions likely to influence the uneasy United States relationship with Canada for years to come."²⁹ Besides the recent assertions of nationalism on Canada's part, as demonstrated in her economic and new energy policies, and in recent defense discussions, the restrictions on Canadian editions of American periodicals (on *Time* and *Reader's Digest* in particular), Canada's reluctance "to accept the American view that the Northwest Passage through the Arctic Islands is an international waterway" and disagreements over the extension of the fishing zones of the two countries to 200 miles are of concern to both countries.³⁰

How these issues are dealt with depends in large part on factors independent of the issues. Canadian diplomats are inclined to see United States predominance as so pervasive that they must always be on the defensive lest the American elephant inadvertently rolls over on Canada; from the American point of view, it is difficult for negotiators to know what Canada wants and where she is going.

[Americans] perceive Canada as wanting to move away economically but not knowing how, in a world that is increasingly interdependent. They perceive Canada as in the throes of a delayed nineteenth-century nationalism, which comes in two languages They see Canada as having a hard time reconciling its internally conflicting pressures. They will wait, and watch, and feel that it is necessary increasingly to treat Canada as a foreign country.³¹

²³Dickey, *op. cit.*, p. 61.

²⁴MacEachen, "Canada and the United States . . .," p. 7.

²⁵MacEachen, "New Balance in Canada-U.S. Relations," p. 1.

²⁶Louis Balthazar, "Culture and History Shape Approaches to Foreign Policy," *International Perspectives*, Special Issue 1976, p. 21.

²⁷Willis C. Armstrong, "The American Perspective," in English, *op. cit.*, p. 12.

²⁸Dobell, *op. cit.*, pp. 58, 59.

²⁹Arthur L. Gavshon, "Key Decisions on Canada Awaiting New President," *The Durham Sun*, January 12, 1977, p. 7A.

³⁰*Ibid.*; Arnett, *op. cit.*

³¹Armstrong, *op. cit.*, p. 13.

In most cases, however, Willis Armstrong concludes, it will be the Canadians who will

set the tone of the relationship. They can have almost any kind of relationship they want, from hostility to friendship. The Americans will not do anything except when assaulted or sworn at, and even then they will react slowly and with some bewilderment (unless they are still smarting from a previous episode that their elephant's memory brings to mind), because basically they have no hard feelings about Canada.³²

An increasingly irritating issue to Canadians and Americans alike relates to their use of their common environment. It is important to remember that the border between Canada and the United States is artificial:

it is drawn across rather than along natural physical boundaries and does not recognize physical and ecological interconnections between the countries. As a consequence, Canada and the United States must share the same waters,* airsheds, forests, game, and fisheries. When one country uses these resources, the harmful or beneficial side effects are transmitted across the border.³³

For many years, neither the governments nor the people of either country were environmentally concerned. As frontier people, they had been devoted to resource exploitation with little or no regard to environmental impact. Those days are gone forever and protection of the environment has become a major issue in both the United States and Canada. Because of the greater population and industrialization of the United States, Americans have usually evinced more environmental interest.

Of recent concern to Canada have been, among other issues:

- 1) The expected effects on Manitoba of the United States Bureau of Reclamation's project (the so-called Garrison Diversion Project) to divert a portion of the flow of the Upper Missouri River into the Souris and Red Rivers in North Dakota as the basis for a vast development scheme involving irrigation, flood control, water supply, recreation, and wildlife habitat improvement;
- 2) The poor performance of the United States under the Great Lakes Water Quality Agreement of 1972, which called for construction of municipal and industrial waste-water treatment plants for all municipalities and industries within the Great Lakes system;
- 3) The implications of an increase in the number of tankers carrying oil from Alaska down Canada's Pacific Coast and the location of a pipeline to bring oil from the North Slope of Alaska to the U.S. midwest through the Mackenzie River Valley.

In the wake of Canada's increased activity in resource

*The border runs through four of the five Great Lakes and crosses hundreds of rivers and streams.

³²*Ibid.*

³³David LeMarquand and Anthony D. Scott, "Canada-United States Environmental Relations," in English, *op. cit.*, p. 149.

³⁴See, in Deener, *op. cit.*, G. V. LaForest, "Boundary Waters Problems in the East," pp. 32-50; and Charles E. Martin, "International Water Problems in the West," pp. 53-71.

³⁵LeMarquand and Scott, *op. cit.*, p. 161.

development, the United States is concerned about risks to the environment of a proposed coal mining project in the Flathead River Valley in British Columbia and a proposed thermal-power project on the East Poplar River, near the Saskatchewan-Montana border.

Fortunately, the two countries have a special instrument for the resolution of most joint environmental problems. The International Joint Commission, created in 1909 by the terms of the still binding Boundary Waters Treaty, consists of three commissioners each from Canada and the United States. This commission adopts fundamental principles regulating international waters and, more recently, air pollution, and has wide judicial, investigative and administrative powers to settle disputes.³⁴ At the least, IJC provides an opportunity to consider problems before they become explosive. In many cases, it has been the final court of settlement for a dispute; in others, it recommends action to be taken by the two national governments, provincial, state, or local authorities, and/or private industry. But judged by past experience, "the solution it recommends will be within the range of alternatives . . . considered acceptable by the parties involved."³⁵

IJC notwithstanding, the danger persists that emotion, not reason, will determine environmental questions in the short run. In the long run, lacking an over all framework of either national or continental environmental policies, some problems will fall between the cracks of divergent Canadian and American interests. As is true in the energy field, in the environmental field the next stage of Canadian-American relations may require positive forward collaboration in policy development plus the utilization of IJC to resolve specific issues as they arise.

WARNINGS

Both Canada and the United States want to find solutions to their mutual problems within the context of their "special relationship." But two or three caveats need to be mentioned.

The Canadian federal structure is different from the American. While Canada is usually referred to as one entity, in fact, in many areas of transborder concern the provinces are more important than the national government. Moreover, some provinces have challenged the national government's jurisdiction in such foreign policy matters as immigration, multilateral tariff nego-

(Continued on page 180)

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"Since 1970, . . . the Trudeau administration has been motivated wherever possible to try to find an alternative to the United States relationship: the administration has cultivated closer relations with Asian countries . . . ; has dispatched many high-level trade missions to Latin America; has labored to promote trade with the Soviet bloc; and has fought to achieve a contractual link with the European Community. . . ."

Canada's Foreign Policy

BY PETER REGENSTREIF

Professor of Political Science, University of Rochester

TODAY Canada maintains diplomatic relations with virtually every country in the world; she has a long and laudable history of achievement at the United Nations, a record of extensive involvement with the defense of the West alone and through organizations like NATO* and NORAD,** an increasing aid program to third world countries, and a place of honor in the Commonwealth. But it would be highly misleading to deal with Canadian foreign policy without reviewing the remarkable changes of the last three decades.¹ During this period, Canada has moved from an effort to demonstrate some semblance of independent action in her foreign affairs, to a brief decade of dazzling international achievement, to her current search for new directions compelled by rapidly changing political developments.

Until the end of World War II, Canada's foreign policymakers were preoccupied with asserting their country's independence from Great Britain. At the same time, Canada's economic relations with the United States were expanding, so that even before the Great Depression of the 1930's, Canada's trade with her southern neighbor was threatening to exceed her trade with Britain. In fact, before and during World War II, Canada's relations with Britain and the United States were seen as triangular—involvements with one supposedly serving as a counterweight to those with the other.

¹The background of Canadian foreign policy in the 1970's is very well presented in three books: Peter C. Dobell, *Canada's Search for New Roles* (London: Oxford University Press, 1972); D. C. Thomson and R. F. Swanson, *Canadian Foreign Policy: Options and Perspectives* (Toronto: McGraw-Hill Ryerson Ltd., 1971); and Anthony Westell, *Paradox: Trudeau as Prime Minister* (Scarborough, Ontario: Prentice-Hall of Canada, Ltd., 1972), especially pp. 193-218.

*North Atlantic Treaty Organization

**North American Air Defense

Canada achieved her independence from Britain far more completely than her leaders had imagined. By 1945, Canada found herself in the select company of the United States as one of the two countries in the world emerging from the war with an enormously strengthened economy. For the next decade, Canada was able to act as a minor great power, her international behavior apparently constrained only by the preferences of her close-knit foreign policy elites. In the late 1940's, Canada provided substantial financial loans to Britain and played a significant role in the establishment of NATO and the development of the United Nations. In the early 1950's, Canada participated in the action in Korea and contributed the single largest and most advanced component of Europe's air defense. In 1955, she was instrumental in helping 16 new states gain admission to the U.N. But the high watermark of Canada's position in the international arena was 1956 when, guided by Secretary of State for External Affairs Lester B. Pearson, Canada was responsible for setting up the U.N. Emergency Force during the Suez Crisis. Pearson's action opened up new perspectives for peace-keeping for the U.N., won Pearson the 1957 Nobel Prize for Peace, and gave Canada the fleeting status of "middle power."

Economic and political changes in the world in the 1960's after the stunning electoral victory of Conservative John Diefenbaker in 1957 seemed to end any possibility that Canada would continue to participate at so significant a level in world politics. External factors, including European economic recovery, the remarkable resurgence of Japan, the end of traditional colonialism, and the new emerging nations, served to diminish Canada's potential. The Diefenbaker victory was also important because it indicated that internal political and economic considerations would subsequently dominate Canada's behavior in foreign affairs.

Ironically, it was Pearson's great success in the Suez

crisis that helped end Canada's new role: whatever their impact on the U.N. and the world, Pearson's actions in the crisis were regarded as anti-British by many Canadians. Their negative response helped bring Diefenbaker to power and to end 22 years of Liberal party dominance. Diefenbaker tried to capitalize on pro-British sentiment by promising to divert to Britain 15 percent of Canada's trade with the United States. While this diversion never occurred, Diefenbaker's rhetoric marked the beginning of an anti-American style that, within a decade, would color virtually all Canadian foreign policy perspectives.

The Diefenbaker government also tried to reinforce Canada's credentials as a third world leader. Thus, Canada joined members of the new Commonwealth of Nations to force South Africa's withdrawal from the association, and the Canadian government refused to allow nuclear warheads to be used on the Bomare missiles it had agreed to accept as part of Canada's NATO commitment. The controversy generated by the issue of nuclear warheads subsequently helped defeat Diefenbaker, and in the election of 1963, Pearson and his Liberal party regained control.

It was widely assumed that, with Pearson as Prime Minister, smooth relations with the United States would be restored and that Canada would continue to play her newly developed role as an internationally oriented voluntarist in foreign affairs. But by 1968, when Pierre Elliott Trudeau succeeded Pearson as Prime Minister, it was clear that Canada would not regain the peculiar position she enjoyed in the 1950's. External forces had changed, and domestic factors loomed larger and larger.

DOMESTIC ISSUES

By the end of the 1960's, concern about United States dominance of the Canadian economy in terms of the extent of trade and of investment was widespread: not only was the United States an overwhelming presence in Canada's capital markets, but about 65 percent of Canada's exports and about the same proportion of her imports were American. Worry about the danger to Canadian sovereignty from such an intensive, close economic association soon led the Pearson administration to diversify its trade patterns and to redirect its foreign policy. Reinforcing this response was an already developing disposition of many regions of Canada to look for new markets either geographically near or unexploited. British Columbia, for example, looked to the Pacific and especially to Japan as a potential new market, while the Prairie provinces looked to the Soviet Union and mainland China as significant and permanent customers for grain—a pattern of trade begun in the mid-1950's.

²An excellent analysis of Trudeau's foreign policy is Bruce Thordarson, *Trudeau and Foreign Policy: A Study in Decision-Making* (Toronto: Oxford University Press, 1972).

The federal nature of the political system was also having an impact. The division of power between the federal government and the provinces meant that Ottawa could not make binding commitments with other countries except with regard to subjects over which it had constitutional jurisdiction. The provinces, meanwhile, had authority over subjects like human rights, education and cultural affairs. Especially in connection with the activities of the United Nations, many issues of international negotiation thus were provincial concerns. While many attempts have been made to clarify lines of responsibility, some provinces, particularly Quebec, have been reluctant to surrender their authority. In fact, throughout the 1960's Quebec claimed the right to negotiate international agreements within its jurisdiction. This led to several international incidents in the late 1960's—two incidents involved representation to educational and cultural conferences in Africa, and another, more significant incident with France in which President Charles de Gaulle tried to take advantage of the ambiguous situation to establish direct relations with Quebec.

These issues, coupled with concerns about defense and developments in the north, prompted Trudeau to call for a fresh assessment of foreign policy in 1968.² A definitive statement based on this review emerged two years later in a series of six government pamphlets entitled "Foreign Policy for Canadians." The statement established six basic national goals: fostering economic growth; safeguarding sovereignty and independence; working for peace and security; promoting social justice; enhancing the quality of life; and ensuring a harmonious natural environment. These guidelines must be considered in the context of what has come to be known as the "third option." Given the choice of continuing the relationship with the United States with no policy adjustments, moving toward closer integration with the United States, or seeking a stronger relationship with Europe and Asia, Canadian policymakers regarded the third option as most advantageous to their country's long-term well-being.

Since 1970, then, the Trudeau administration has been motivated wherever possible to try to find an alternative to the United States relationship: the administration has cultivated closer relations with Asian countries, especially Japan and mainland China; has dispatched many high-level trade missions to Latin America; has labored to promote trade with the Soviet bloc; and has fought to achieve a "contractual link" with the European Community, which finally came into effect on October 1, 1976. Even in allocating aid to developing countries, Canada has been strongly motivated by the desire to find new trading partners.

But virtually every initiative Canada has taken has involved her in difficulties. The question of NATO is an excellent example. Even before the general policy review, Canada had to decide what her role in NATO

would be. Struggling to control its 1969 defense budget, the Trudeau Cabinet canvassed all sorts of alternatives—from withdrawing totally to maintaining Canada's forces without change. Eventually, after months of internal haggling and with Britain and other allies complaining that Canada was unwilling to carry out her defense responsibilities, Canada decided to reduce her forces from 10,000 to 5,000 men, to convert her CF-104 airplanes from nuclear to non-nuclear weapons and eventually to re-equip her army contingent. In announcing these changes, Trudeau explained that he was reordering Canada's defense priorities. Henceforth, the protection of sovereignty and the surveillance of coastlines and territory, the defense of North America, NATO commitments and international peace-keeping were to be the order of importance. For the next few years, the downgrading of NATO commitments suggested a withdrawal into some sort of isolationism.

However, within a year of the Prime Minister's announcement, the Economic Council of Canada warned that Canada was virtually the only advanced industrial country without a consumer market of 100 million or more. If the United States became protectionist to any marked extent, Canada would have to seek a special arrangement with European continental countries. Under Diefenbaker, Canada had stridently opposed Britain's entry into the Common Market, and the Liberal opposition had acquiesced. But under Trudeau, in 1972 initial approaches were begun to establish a "contractual link" with the European Common Market. Four years later, when it was finally achieved, the agreement with the Common Market included trade exchanges on a most-favored-nation basis, cooperation to solve common commercial problems at the international level and bilaterally, and the establishment of a Joint Cooperation Committee to meet once a year to review the agreement and to promote economic and commercial cooperation.

This agreement represents the most tangible expression of the Canadian government's "third option" (the Framework for Economic Cooperation signed with Japan in October, 1976, also reflects this pattern). But in negotiating this historic agreement, the members of the Common Market (the European Community) used the NATO issue as an important bargaining chip with Canada. By demanding and obtaining Canada's assurance that Canada would continue to participate in the NATO military alliance, they (led by West Germany) succeeded in changing Canada's defense posture somewhat. Before the agreement was signed early in the summer of 1976, Canada agreed to upgrade her NATO forces, particularly in equipment.

THE THIRD WORLD AND THE COMMONWEALTH

Canada's relations with the third world and with Commonwealth countries have likewise not been so

straightforward and smooth as Canada might have desired. Canada has often played a critical role at Commonwealth conferences. In 1960, as already noted, Diefenbaker sided with the nonwhite Commonwealth members when the subject of apartheid in South Africa came up, and he was at least partially responsible for South Africa's departure from the organization. Six years earlier, when Rhodesia's racial policies were causing tension, Pearson drafted a statement on equality that all members could accept, helping the association to continue. Pearson was also a significant force in Lagos in 1966, helping to cope with the issue of Rhodesian independence. In 1971, in Singapore, Trudeau worked effectively to modify a Declaration of Principles sponsored by President Kenneth Kaunda of Zambia that would have embarrassed British Prime Minister Edward Heath's government, which planned to grant military assistance to South Africa.

But it is unclear what advantages her actions and even her membership in the Commonwealth bring. The foreign policy review papers hardly touch on the Commonwealth, and while Canada has traditionally played an important role in the organization, Canada's involvement has also led to some difficulty, especially in the Caribbean, where Canada is identified as a colonialist power because of her extensive investments and presence. Immigration from the Caribbean to Canada has also caused problems. In 1969, the student rioting at Sir George Williams University in Montreal, which resulted in the burning of the computer center, was partly the result of the West Indian students' belief that they were being discriminated against. During the last 18 months, racial incidents involving West or East Indians in Canada's major cities, especially Toronto, are reported almost every week.

Canada's offers of foreign aid and development assistance have also involved difficulties. Under the Pearson administration, Canada accepted the United Nations' goal—allocating one percent of each developed country's gross national product (GNP) to development aid; since the 1960's, there has been a steady flow of Canadian officials to every corner of the world. But despite the Trudeau government's proclamation of the continuing need to reduce economic disparities between developed and developing countries, the government has not come close to meeting the U.N. goal of one percent of the GNP. Canadian external aid distributed through the Canadian International Development Agency last year totaled about \$933 million, including appropriations and some \$221 million unused allocations from previous years. Thus development assistance equaled .58 percent of GNP, up from .51 percent the year before. This figure is even lower than the .70 percent of GNP advocated by a Canadian House of Commons Committee on External Affairs and National Defense in 1971.

At the same time, Canadian officials have recently

revised their strategy with regard to economic issues and the third world. In March, 1975, Secretary of State for External Affairs Allan MacEachen commented that Canada should consider ways to expand her economic relations with the third world beyond aid. He referred to more trade, as well as to "more industrial development, joint ventures and transfers of technology on mutually acceptable terms."³

Canada has tried hard to expand her trade with third world countries, again motivated by her hope to mitigate the overwhelming role played by the United States in her commercial life. In 1976, with trade uppermost in mind, Trudeau became the first Canadian Prime Minister to journey to Latin America, visiting Cuba, Venezuela and Mexico. In 1976, the latter two countries were respectively the nineteenth and fourteenth most important destinations for Canadian exports. Trudeau also visited Japan, Canada's second most important customer after the United States, and signed a framework for economic cooperation.

NUCLEAR TECHNOLOGY

However, Canada's obsession with third world trade to counterbalance the United States has created a severe problem, because it has involved Canada in nuclear proliferation. From the outset, the Trudeau administration was criticized by its opponents for its vagueness and inconsistency in trying to balance its opposition to nuclear proliferation and its policy of selling nuclear reactors abroad. Canadian technology in this area is among the best in the world; and Canada's CANDU reactor has a strong appeal to nonnuclear countries. But the danger of selling the reactors and the technology associated with them without safeguards was brought home to Canada and the world when, in 1974, India exploded a nuclear device, using Canadian material and technology.

On July 17, 1975, at a meeting of the Canadian Nuclear Association in Ottawa, Trudeau defended his government's actions in selling nuclear material to India and other countries. In the attempt to eliminate the disparities between rich and poor countries, he declared, it was necessary to make available to the disadvantaged every technique at Canada's disposal. And in a world increasingly concerned about depleting reserves of fossil fuels, food shortages and the need to reduce illness,

it would be irresponsible . . . to withhold the advantages of the nuclear age—of power reactors, agricultural isotopes, cobalt-beam therapy units . . . technological transfer is one of the few, and one of the most effective, means available to us of helping others to contribute to their own development.⁴

Late in 1975, the Minister of Energy, Mines and Re-

sources announced that Canada would apply more stringent safeguards on the transfer of nuclear technology than she had in the past. Safeguards would be administered by the International Atomic Energy Agency and would conform to the requirements of the Treaty on the Non-Proliferation of Nuclear Weapons. These supposedly contained assurances that Canadian-supplied nuclear material, equipment and technology would not be used to produce a nuclear explosive device, whether or not the device was to be used for peaceful purposes.

In view of the facts that the International Atomic Energy Agency has only 70 scientists, that there are over 700 reactors in about 40 countries, and that although 90 countries are party to the Nuclear Non-Proliferation Treaty, about 40 are not, it was evident that potential problems remain. Finally, on December 22, 1976, Secretary of State for External Affairs Donald Jamieson announced to the House of Commons that shipments of reactors and uranium to nonnuclear weapon states under future contracts would be restricted to those states that ratified the nonproliferation treaty or otherwise accept international safeguards on their entire nuclear program. Pakistan rejected Canada's policy and announced her intent to proceed with plans to buy a French reprocessing plant. Pakistan was unwilling to sign the nonproliferation treaty because India has a nuclear device that Canada, ironically, helped India build.

In addition to the diplomatic embarrassment in which Canada found herself, the program to sell reactors also involved the country in scandal. It has been alleged that in Argentina and in South Korea, foreign agents were given a total of \$10.5 million to push the sale of the CANDU reactors.

In Canada's relations with East Europe, the Soviet Union and China, economic motives appear to dominate, at least from the Canadian perspective. Beginning in the 1950's, Canada has sold huge amounts of wheat and grain to both the U.S.S.R. and China. Ongoing diplomatic relations had long been established between Canada and the U.S.S.R., and after Premier Aleksei N. Kosygin's visit to Canada in 1970 and Trudeau's reciprocal visit in 1971, a "protocol on consultations" between the two countries was signed. It called for friendship, good neighborliness, mutual confidence and closer cooperation and consultation.

The Trudeau government suffered some internal political repercussions as a result of Kosygin's visit and Trudeau's overtly friendly response. Canadians of

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³Quoted in *Canadian Annual Review of Public Affairs for 1975* (Toronto: University of Toronto Press, 1976), p. 275.

⁴*Ibid.*, p. 270.

"Anyone who interprets the election of November 15, 1976, as a clear call for separatism is disregarding the facts. . . . It would be ironic and it is possible that the party that first raised the issue of separatism will be the party to decide, in the light of the projected referendum, to do nothing about it."

Separatism and Quebec

BY KENNETH M. GLAZIER

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ON November 15, 1976, Quebec, the largest province in Canada, elected a separatist government that has as one of its avowed intentions to make Quebec a sovereign state. Many Canadians had strangely mingled feelings of dismay and relief: they were dismayed that after 100 years of confederation there were Canadians in Quebec who wanted to break up the unity of Canada; and they were relieved that the issue was now out in the open and that the people who were most vocal in the advocacy of separatism were now in a position of responsibility. The advocates of separatism were no longer shouting from the wings; they had moved to center stage where they can be watched by all Canadians. The time for talk is over and this had led to a strange calm, a noticeable lack of panic or hysteria and a period of patient, and impatient, waiting.

This tranquility was supported by certain indisputable facts. Most important, in spite of the election of 71 members of the Parti Québécois (P.Q.) in a provincial national assembly of 110, the P.Q. had received only 41 percent of the popular vote. René Lévesque, leader and founder of the P.Q., knew that those who voted P.Q. were not necessarily separatists; a poll taken just before the election revealed that only 18 percent of the Quebec electorate were in favor of separation. Lévesque had not concentrated on the issue of separatism but had attacked the Liberal government for its inefficiencies, mismanagement, and disregard of the basic social issues in Quebec; unemployment (10 percent of Quebec's labor force compared with an average of 7.6 percent for the rest of Canada), labor unrest, continual strikes, and the huge deficit of the provincial government. Thus, those who voted for Lévesque and the Parti Québécois were voting for responsible government with a concern for social and economic issues and not primarily for separatism.

Lévesque knew this; he gave concrete evidence of his desire to mute the separatist cries by announcing that any decision on independence would come two or three years after he took office. Then he would provide for a

referendum to give the people of Quebec an opportunity to vote yes or no on separatism alone. If the referendum vote were "no," then that would be the end of the issue at that moment; if the vote were "yes" by a two-thirds majority, then Lévesque would ask Ottawa to alter the constitution so that the province could become a sovereign state. If the federal government then said "no," the Quebec government would appeal to the United Nations.

But that is a long way down the road. Anyone who interprets the election of November 15, 1976, as a clear call for separatism is disregarding the facts, i.e., the percentage of popular support for the Parti Québécois and, within that party, or any party, in support of separatism. It would be ironic and it is possible that the party that first raised the issue of separatism will be the party to decide, in the light of the projected referendum, to do nothing about it.

One week after the election, another poll was taken; this time only 11 percent of the Québécois who were polled favored separatism. Faced with the prospect of independence, many moderates backed away. But polls do not necessarily determine policy. Other Canadians cannot be lulled into complacency when there is a hard core in the Lévesque administration that is determined to achieve separatism or sovereignty in some form and will do everything in its power to win over the electorate. Fortunately, Lévesque is a moderate compared to the extremists in his party. Within five years, the P.Q. must seek another mandate from the people. By then it will be evident what elements within the party have prevailed—the moderates or the extremists—and then the electorate will judge the performance and direction of the party.

What factors precipitated the crisis in Quebec? The most important element was the French-Canadian realization that the Québécois are an endangered species. The birthrate in Quebec has been declining since 1954, and the population of Quebec increased in the period 1971-1974 by only 7 percent in natural increase (births over deaths), the lowest rate of any province in

Canada. The total increase (including immigration and emigration) was only 5.8 percent, again the lowest in Canada with the exception of Saskatchewan. Ontario's population increased by 16.5 percent, Alberta's by 17.2 percent, and British Columbia's by 30.7 percent.¹

French-speaking Canadians are struggling to preserve their identity in a continent and a country that is predominantly English-speaking. The problem began in 1759 when the British captured Quebec. Great Britain won a military victory over 74,000 French inhabitants, but those people who with courage and sacrifice had established a tenuous foothold on the vast continent of North America would not give up their language, their religion and their culture. In the more than 200 years since, they have not surrendered any of these.

When New France surrendered to Britain, the French-speaking Canadians were a mere handful, and they are still a small minority in North America. They were not aliens; they were natives—habitants—and they regarded the English, German, Dutch, Italians, and a hundred other races that moved to Canada as "foreigners" in their "province" and a threat to their way of life. The little colony of French-speaking natives has grown to about six million, but the other immigrants to Canada and their progeny have increased the population of Canada to 23 million; thus the French-Canadians feel more like a minority than ever. Only in Quebec, they are not a minority but a majority, and they want to preserve that position.

Yet the French-Canadians also observe that their rural way of life, with families of six, ten or twelve, is changing in the great cities, like Montreal, and in industrial communities, where small homes or apartments on crowded streets do not offer enough space for large families. The lack of space, combined with the acceptance of family planning even in Catholic Quebec, means that the era of the large family is over. Reading the statistics, the responsible leaders of Quebec ask the pertinent question: "What can we do to protect our heritage with a declining birthrate?" It is no wonder that during the pressure of the election campaign, former Quebec Premier Robert Bourassa noted that "French-Canadians are only 2 percent of the population of North America."

Faced with that statistic, René Lévesque says that Quebec should be a sovereign state, not to solve the population problem but to ensure a moat around the province which would preserve the French language and culture. The Québécois also want to develop their resources with their own skills and to make a safe enclave without the relentless competition not only of the Eng-

lish but also of the endless waves of immigrants, only a small percentage of whom speak French or have any desire to become French-speaking. The crisis of the cradle is a major force behind the rise of the Parti Québécois and will not be solved, or even ameliorated, by a change of government in Quebec. With 300,000 unemployed in Quebec in 1977, an increase in the birthrate is not a priority need.

Another factor is also important in understanding the mind and mood in Quebec. Since the early 1960's, Quebec has known a "quiet revolution," a cultural, intellectual and political quest for identity, to overcome the doldrums of Premier Maurice Duplessis's era. This revolution has taken different forms. It is a cultural revolution with an outburst of publication of books and journals by young French-Canadian writers and a resurgence of interest and talent in art, architecture and music. It is also a political revolution with two main camps—the nationalists or separatists under the leadership of Lévesque, and the federalists under the leadership of Pierre Elliott Trudeau.

In 1951, Trudeau and five colleagues founded an influential journal, *Cité Libre*, which spoke frankly of the problems and aspirations of French-Canadians and which called for political and social reform. Trudeau denounced separatism as a counterrevolution; he regarded the demand for special status for Quebec as "an insult" to French-Canadians, because special status would imply that French-Canadians require special treatment. Rather, he made it plain that Quebec already had all the power it needed to achieve legitimate goals:

By the terms of the existing Canadian constitution, that of 1867, French Canadians have all the powers they need to make Quebec a political society affording due respect for nationalist aspirations and at the same time giving unprecedented scope for human potential in the broadest sense.²

Then came the not so quiet revolution of 1970, accompanied by violence, bombings, and the kidnapping and killing of Pierre Laporte, a Quebec Cabinet minister. As Prime Minister of Canada, Trudeau did not hesitate to take strong measures to maintain law and order. The extremists were repudiated, but their frustrations and aspirations remained. Although René Lévesque did not win a seat in either the 1970 or 1973 provincial elections, his voice was not silent and influential intellectuals supported the cause.

Today, it is relevant to recall what Lévesque wrote in his college newspaper when he was a student in Garnier College, Quebec City. His comment about the English is now applicable to the French-Canadian majority:

... the victor cannot lord it over his defeated rival and crush him underfoot: it is not the victory that arouses hatred, but rather arrogance on the part of the victor—only moderation will win other people's approval and make them applaud a victor.³

¹Canada 1976: *The Annual Handbook of Present Conditions and Recent Progress* (Ottawa: Statistics Canada), pp. 50-52.

²Pierre Elliott Trudeau, *Federalism and the French Canadians* (Toronto: Macmillan of Canada, 1968), p. 180.

³Jean Provencher, *René Lévesque: Portrait of a Québécois* (Toronto: Gage Publishing Company, 1975), p. 32.

One manifestation of the quiet revolution in Quebec was the enormous amount of money that poured into educational institutions. Laval moved onto an enlarged campus in the suburbs of Quebec City and built a university with modern facilities. Until the 1960's, the standard of education for the French-Canadian population was low, but in the 1960's community colleges were established. The Collèges d'enseignement général et professionnel (CEGEP) offered three-year terminal technical studies and two-year academic programs (a prerequisite for entrance to the university), which were inaugurated in the mid-1960's, on the recommendation of the Royal Commission on Education. More than 30 CEGEP's are in operation; some are multi-campus institutions.⁴

A renaissance in learning developed, not just for the few who were training for law or the priesthood, but in every field of human endeavor. There was a new purpose at all levels of education and this, in turn, produced dissatisfaction with the old ways and a determination to try something new.

There is one other reason for separatism, a deep emotional and psychological reason, felt but not always made explicit in the kind of frank language that René Lévesque used in Toronto in May, 1963: "First and foremost I am a Québécois, and second—with a growing sense of doubt—a Canadian."⁵ Many Québécois—nobody knows how many—have never regarded themselves as Canadians and any move towards separatism, any declaration of Quebec as a sovereign state, will not cause them any emotional distress. In contrast, most Canadians in other provinces identify first with Canada and secondarily with provinces or regions. It is this Québécois lack of the sense of belonging to Canada that makes the problem of separatism so poignant.

One of the first actions taken by the P.Q. when it came to power was to change the slogan on the Quebec license plate from "La Belle Province" to Quebec's official motto, "Je me souviens" (I remember). The motto confirms a statement made by Mason Wade:

Nowhere in North America is the cult of the past stronger than in French Canada. Quebec's motto is "Je me souviens" . . . and this motto is no empty formula. French Canada has a sense of tradition unique in North America, and the French Canadians live in and on their past to a degree which it is difficult for English-speaking North Americans to appreciate.⁶

What is the response in Quebec and in the other provinces to the ferment in Quebec? The reaction of the business community is important, because Montreal is the headquarters of many of the most influential

corporations in Canada, e.g., Canadian Pacific, Bell Telephone, The Bank of Montreal, The Royal Bank, The Power Corporation, and Dominion Textiles, to name only a few.

Before the election, it was reported that a considerable amount of money was being transferred out of savings accounts in Quebec to Ontario or New England. These reports were exaggerated, but the uncertainty in the financial world led businessmen to take unusual actions to protect their savings. The day before the election, Charles Bronfman of Seagrams Co. Ltd., one of the influential businessmen in Montreal, made an emotional speech threatening to take his interests out of the province if the Parti Québécois were elected. The electorate was unimpressed. In fact, Bronfman's speech may have had the opposite effect, and when Bronfman saw the results he had a change of heart and mind. Thus the day after the election, he issued another statement; since the election results were not a mandate for separation, he called upon "my friends in the business community of Canada to help at this critical juncture in our history to preserve and enhance our beloved country."⁷ Bronfman's attitude after the election was an indication of the response of the business community—keep calm and wait and see; give the government a chance.

The day after the election the bond and stock market showed that the pulse of the business community was steady in Montreal and across Canada. Even the New York Stock Exchange registered no appreciable shock waves. The Canadian dollar wavered and recovered, and within a few days business was normal. Of course, the business community will watch carefully for any indication of a change of policy by the new Quebec government, particularly any move toward socialism or the nationalization of Quebec industries or business. Some companies have already moved part of their corporate headquarters from Montreal to Toronto as part of a decentralization program, and a number of companies that were planning to expand in Quebec have postponed their plans. The market for Quebec bonds and securities has been uncertain, and real estate in Montreal has been off 20 percent.

The most surprised man in Canada on election night was not the man in the street or the banker or the businessman, but Lévesque. On election night, Lévesque said he was "flabbergasted" by the election results and confessed that the party had expected to elect about 40 members. He was shocked to discover that he was responsible for bringing not only better government to Quebec but a better economic order. Fortunately, he has a capable Cabinet, and while many members of the Cabinet may be short on business experience, they are not short on ability and represent the usual spectrum of left, right and center. There are men like Rodrique Tremblay, Minister of Trade and Commerce, who was a professor of economics at the Université de Montréal and president of the Economic Council of Canada. René

⁴Canada 1976, pp. 165-166.

⁵Jean Provencher, *op. cit.*, p. 199.

⁶Mason Wade, *The French Canadians 1760-1945* (London: Macmillan, 1955), p. 1.

⁷Globe and Mail (Toronto), November 17, 1976, p. 1.

Lévesque himself was Minister of Natural Resources in the Quebec Cabinet in the early 1960's and brought about the nationalization of Quebec Hydro. Two other economists hold key positions: Claude Morin as Minister of Intergovernmental Affairs and Jacques Parizeau as Minister of Finance and Revenue. There are two lawyers, two priests, a psychiatrist, a criminologist, a teacher and a stockbroker. Jacques Leonard, Minister of State for Planning, was a vice-principal at the Université de Montréal.

The question for many Canadians, including citizens of Quebec, is: "What does Quebec hope to gain by becoming an independent state?" No clear statement of Quebec's aims in the event of separation has ever been issued. In general, the Québécois want to preserve the French language and culture, to control immigration, to establish an independent foreign policy, and to secure all they can from Ottawa now without relaxing the pressure for eventual separation. But those who are more realistic than idealistic ask: "What will Quebec lose if she is separated from Canada? What is the price of freedom from federalism in financial terms?" Quebec might lose her present position in the Canadian trade market and lose the federal grants that may or may not compensate for provincial taxes. Quebec's economic and social problems were exacerbated by the incompetence of the provincial government, not by the unwillingness of the federal government to help. Quebec has financial problems that will not go away whether or not Quebec belongs to the confederation: the enormous sums needed to complete the Olympic Stadium, to continue the vast James Bay hydro project, or to meet the staggering costs of the enriched uranium plant. Even René Lévesque's article in *Foreign Affairs* on Quebec's objectives is vague on specifics; he writes rather about "full equality," "self-government," and "customs union," with a strong emphasis on a "cooperative institution" and ends with a bow to Quebec's privileged links to the United States.⁸

Lévesque's immediate approach is decentralization of power. Quebec will seek slowly to take from the federal government the real levers of power but will meet strong resistance at the federal level.

The shock waves of the Quebec election were felt across Canada, but the tremors were more pronounced in some areas. The Atlantic provinces of Nova Scotia, New Brunswick and Prince Edward Island would feel even more isolated from the rest of Canada if Quebec became an independent state. These provinces might subsequently strengthen their links with the New England states. Newfoundland is concerned that as a sovereign state Quebec would make renewed attempts

to recover the territory of Labrador which, by the Treaty of Paris in 1763 and by a decision of the Judicial Committee of the Privy Council in 1927, was confirmed as belonging to Newfoundland. Labrador is rich in minerals and contains the great Churchill Falls hydro development; together with offshore oil rights, these resources make it a valuable possession. On a recent visit to Northern Quebec to address the annual convention of the United Steel Workers of America, Lévesque made it plain that he would favor reopening the issue of who owns Labrador, declaring, "From our point of view we got gypped 50 years ago."⁹ Newfoundlanders have made it clear that they will resist—with what force nobody knows—any attempt to take Labrador from their jurisdiction. Ontario, the heart of the industrial empire of Canada, is concerned about its market in the Quebec area. The Western provinces, while agreeing with Quebec in her emphasis on more provincial rights, want to maintain a united Canada.

What are the feelings of the average Canadian about the possibility that Quebec will become a separate entity? A poll of 1,023 English Canadians conducted for CTV television network revealed that 74 percent "personally want Quebec to remain a part of Canada." The attitude ranges from one of fatalism: "If Quebec wants to go, let it go; we'll manage without it," to the statement that: "We are not going to permit our country to be destroyed because of a few extremists in Quebec."

Prime Minister Trudeau has made it clear that he will not negotiate now on the terms of separation. He believes that Lévesque has no mandate to make Quebec a sovereign nation and, furthermore, that there is no provision in the constitution of Canada that allows the separation of a province from confederation. Eugene Forsey, one of Canada's leading authorities on the constitution, says:

No province has any legal right or power to secede from Canada. Secession would require an amendment to the British North America Act—and this would require an Act of the British Parliament at the request of the Parliament of Canada.¹⁰ In his address to the nation on November 24, 1976, Prime Minister Trudeau pleaded for the understanding and goodwill of both groups.

In the meantime, the federal government continues its bilingualism program in all branches of the federal government as a tangible expression of the rights of French-speaking Canadians in all of Canada. The federal attempt to provide a civil service across Canada proficient in French as well as English has not been a

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⁸René Lévesque, "For An Independent Quebec," *Foreign Affairs*, July, 1976, pp. 734-744.

⁹Globe and Mail (Toronto), December 10, 1976, p. 9.

¹⁰Financial Post, December 4, 1976, p. 5.

"The central problem in Canadian politics has . . . remained the relationship between the English- and the French-speaking communities, more particularly, the status of Quebec. . . ."

Currents in Canadian Politics

BY HENRY S. ALBINSKI

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IN December, 1975, Liberal Prime Minister Pierre Elliott Trudeau remarked that Canadians were "wondering who is in charge of the economy, who is in charge of the society, and they're concerned, they are worried and they have cause to be. . . ." ¹ A year later, many Canadians thought such an assessment at least equally valid.

At the time of Trudeau's remarks, Canadian economic indicators showed inflation running at 11 percent per annum, and unemployment at over 7 percent. Real economic growth was limited to 2.4 percent in 1974; in 1975, it flattened. In 1974, Canada ranked first among eighteen nations surveyed in number of days lost in strikes relative to the work force, and the number rose in 1975.

By the end of 1976, some improvement had been registered. For instance, inflation had receded to about 6 percent, and the economy had grown 4 percent during the year. But Canadian family living costs exceeded those in the United States, and signs of an economic upturn were weak. Unemployment figures had not improved, and traditionally high unemployment areas remained. In Quebec and the Maritimes, unemployment stood at 10 percent or more, and unemployment in Newfoundland reached 14 percent. Persistently high unemployment and low growth rates in the Atlantic region contributed to a widespread feeling that the emphasis of federal aid programs in the area had been misplaced and that opportunities had been lost. Nearly all provinces faced financial shortfalls for established programs and were forced into unpopular economies. In Quebec, the provincial debt reached \$1 billion. Only Ontario, Alberta and British Columbia were not receiving subsidies from Ottawa's equalization program.

The federal government's economic hand has been prominent, but results have been challenged. Spending by all levels of Canadian governments as a proportion of gross national product (GNP) has reached 43 percent, versus about 35 percent in the United States.

¹December 28, 1975, television conversation remarks, reproduced in *Globe and Mail* (Toronto), January 8, 1976.

Trudeau has noted that common sense foreshadowed a stronger, not weaker, government role in the economic market. Yet while the "have nots" have complained about not getting enough or not getting the most appetizing part of the economic pie, the "haves" offer their own criticisms. The British Columbian premier has argued that while British Columbia does not mind being taxed to support others, the money should be flowing directly to needy individuals, rather than to provincial governments, whose dependency is perpetuated and whose bureaucracies become more swollen. Energy questions have generated sharp disagreement. Alberta produces over 80 percent of Canada's oil supply, and oil has made the province wealthy. It has been able to minimize provincial taxation while storing funds for growth investment when its resources are depleted. Alberta has therefore championed a high world oil price position for Canadian consumers, although in other quarters there has been strong feeling that oil prices should be kept low lest inflation and unemployment increase. In 1975, the Alberta Progressive-Conservative government was returned to office with a huge popular vote, after a campaign fought essentially on the issue of Alberta's right to evolve resource policies to its own liking.

Other difficulties have arisen. To help counter unemployment, Canada's traditionally generous migrant intake (188,000 in 1975) is being scaled down. The new guidelines are, as before, colorblind. But some Canadians, more often than not without justification, worry that nonwhite migration, which has been running at nearly half of the migrant intake, could further depress an already stubborn unemployment problem for resident Canadians. The government has been attacked in other circles for defaulting on its pledges to reduce the unwholesome concentration of foreign and especially United States investment in Canada. The Foreign Investment Review Agency and the Trudeau government have assumed a fairly permissive attitude, in part to attract capital able to regenerate the economy. While the government has imposed wage and

price restraints, critics have faulted it for cynicism and a counterproductive example. In 1976, the Trudeau government proudly announced that its budget would reflect a rise of "only" 16 percent over the previous year. Part of the rise was attributable to nonremovable commitments and to inflationary erosion, but the absence of severe fiscal discipline was defended by the ministers because unemployment and weak growth circumstances could not be risked further just to combat inflation.

The wage and price control program became sorely contentious. In the 1974 federal electoral campaign, the Liberals scoffed at the Progressive Conservative (PC) opposition party's call for controls. When the Liberals enacted such controls 18 months later, they were vulnerable to the charge that they had performed an awkward turnabout. The Liberal party's credit was also damaged when, very shortly after controls were adopted, the government overruled the Anti-Inflation Board and allowed a substantial over-award to striking postal workers. The program in whole or in part exempted various groups like farmers and fishermen, professional fee and dividend earners, and so on. A number of exceptions to stated guidelines were allowed. Worker losses due to inflation were argued to be unrecoverable until later, while companies could pass on increased costs immediately in the form of higher prices. It was charged that such exceptions were unfair and comprised cynical gestures toward special interests, not pragmatism. More fundamentally, the Canadian Labor Congress (CLC), among others, asserted that the restraint program was an imposition on working people and that the decline in the rate of inflation concealed a multitude of injustices for which wage controls were responsible. The CLC declared its intention to confront the government as well as business. It withdrew its representation from various governmental advisory bodies, and in October, 1976, staged a "day of protest," during which one million workers stayed off their jobs. The CLC supported the Alberta provincial government's constitutional challenge of the controls system before the Supreme Court, but the court upheld the program.

In short, the government in Ottawa has been contending with nettlesome economic problems. Its policies have been challenged by those who have raised the charge of too little or too late, those who have charged that too much or the wrong actions were being taken, and those who perceived inconsistency. The government has been berated by the spokesmen of disadvantaged regions and groups and by the spokesmen of the more affluent provinces and economic sectors.

NATIONAL UNITY

In one form or another, issues of national unity, linguistic, cultural, regional or otherwise, have perplexed Canada throughout her history. Recently, such issues

have come into especially sharp relief. There have been some relatively new concerns, including native, and especially Indian, militancy, expressed in enormous claims for lands and/or restitution. The central problem in Canadian politics has, however, remained the relationship between the English- and the French-speaking communities, more particularly, the status of Quebec, where Canada's Francophones are concentrated.

In recent years, the national political parties have pledged their support for a Canada in which Francophones would realize equality of linguistic, cultural and economic opportunity. In practice, however, Liberal government programs have often irritated Anglophones, who have felt that the French, in or outside Quebec, were being favored. Criticisms have ranged from consumer annoyance with French language labeling on products, to civil service complaints about demands for bilingual competence and preference for Francophones. In 1976, Defense Minister James Richardson quit Trudeau's Cabinet in protest, charging that plans for French language and cultural guarantees in a new constitution would lock Canada into a linguistic strait-jacket. A French-speaking minister, Jean Marchand, resigned over the government's alleged oversensitivity to English-speaking pressures.

The issue of French-speaking in the air over Quebec was so unsettling that Trudeau regarded it as the most serious Anglo-French tension since the World War II conscription controversy. English-speaking air controllers and pilots insisted that the government's plan to extend the use of French over Quebec was a safety hazard, and they undertook industrial action. The Ottawa government promised to name a study commission, and in the meantime held back on extending the use of French over Quebec. Many English-speaking Canadians believed that Francophone interests had once again tried to dictate policy. In Quebec, the English reaction was interpreted as viscerally anti-French, and the government's response was regarded as a betrayal of culturally proper and objectively sensible French community interests.

Events in Quebec added to tension in 1976. The Quebec Liberal government of Robert Bourassa passed an Official Language Act, commonly known as Bill 22. Its aim was to insure the survival and prosperity of the French language. Quebec, while 80 percent French in composition, feared the encroachment of English, and wished to enshrine French as the preeminent language in all domains, including the English-dominated business and industrial sector. The English-speaking minority of 1.2 million was angry, and so were the migrant groups that traditionally had been assimilated into Quebec's English-speaking community. Bill 22's restrictions on English-language education were in fierce contention, and so were other "francization" features. The shrill reaction of many of Quebec's Anglophones was sympathetically echoed by Anglophones in

other provinces, and it exacerbated feelings between the two linguistic groups.

Under these emotional circumstances, Bourassa called a provincial election for November, 1976. The principal challenger was René Lévesque's Parti Québécois (PQ), distinguished by its program of separating Quebec from Canada. Lévesque has argued that Anglo-French differences have been too sharp and the federal government's commitment to greater (especially non-French) Canadian interests too entrenched, to permit the flowering of a distinctively French community and economic prosperity in Quebec. The provincial election brought the PQ to power with 71 of 110 seats in the Quebec legislature. The prospect of a truncated Canada seemed much more real.

The PQ victory in Quebec aroused trepidation in various quarters. The uncertainty over Canada's future could weaken investment confidence and otherwise depreciate an already bruised economy. A Canada without a substantial French element would be even more susceptible to becoming an extension of the United States. A Canada minus Quebec would deprive the Maritime provinces of a direct Canadian land link to the rest of the country. French Canadians outside Quebec could lose those advantages that were becoming available essentially because of Francophone claims emanating from Quebec. The drive for Quebec independence could induce more forceful provincial pressures for the settlement of central Canada's economic grievances. Alienation could become especially acute if, in its scramble to forestall Quebec's independence, Ottawa lavished attention and resources upon Quebec at the expense of other provinces.

For some time, Canada's policy has stemmed from intense bargaining among the provinces and the federal authorities, not just from administration preferences or Cabinet decisions. Recent federal-provincial negotiations have been conducted against the background of economic concerns, provincial assertiveness and Quebec's special situation. There are differing views as to whether this form of bargaining offers more, or less, hope for dispelling mistrust and enhancing national unity.

Finances have, of course, been highlighted in the federal-provincial dialogue. A first ministers' conference following the PQ's assumption of office in Quebec was punctuated by Lévesque's early departure and his comment that Quebec had been "gypped" by Ottawa. If the federal and provincial governments could not come to full agreement over revenue distribution what hope was there for settling broader political/constitutional issues without entirely altering the system, i.e.,

bringing about Quebec's independence? Nonetheless, the tax arrangements made in late 1976 reflected a spirit of compromise. The wealthier provinces did not choose to cast loose the less fortunate ones. Equalization grants from Ottawa, designed to set a relatively equal standard of province by province government services, were maintained. The provinces settled for a less generous transfer of untied tax revenues for key programs than they had originally sought. Ottawa yielded more of its portion of shared cost programs than it had planned. Provincial spending program priorities were given more recognition, and the weaker provinces were not left to rely mostly on their own resources.

Federal authorities have opposed overgenerous transfers of funds to the provinces, to avoid undermining Ottawa's ability to regulate reasonable national standards and to guide the national economy. However, the December, 1976, federal-provincial conference was in line with a general, decentralizing trend. "Compared to major Western federalist states," one commentator subsequently observed, "Canada is already one of the most decentralized countries, with the provinces having greater access to revenues and powers than their equivalents in the United States, West Germany and Australia."²

Canada's special qualities require concessions to provincial requirements. What appear to be tedious, federal-provincial negotiations can perhaps equally be characterized as an exercise in creative tension. But differences remain as to where the threshold lies between provincial satisfaction and national objectives. Quebec was once the most aggressive exponent of provincial autonomy; but other provinces have also become vocal. Before the 1976 election, Quebec claimed that more autonomy in socio-cultural, communications and economic spheres was simple justice and a necessity for a Francophone province. Bourassa argued that without grants of jurisdictional autonomy the appeal of separatism would grow stronger. Hence, while in 1975 the other provinces accepted delegation of power over some aspects of television broadcasting, Quebec held out for jurisdiction as such:

Jurisdiction is required to give the political power the right to control the tools of communication over a territory to protect the culture. The other provinces don't really need that because in the final analysis within the federal system they have majority representation at all times in Ottawa in cultural matters.³

Trudeau has held that Ottawa must bear primary responsibility for alleviating regional disparities and for insuring social justice. He does not believe that more and more decentralization would achieve this, although a more flexible federalism is in order.

At least temporarily the PQ success in Quebec interrupted the painstaking search for a formula to overhaul the British North America Act (BNA), Canada's constitutional framework. Considerable agreement had been reached that a new constitution, fully patriated* to

*So that British approval is no longer required for constitutional change.

²Robert Lewis in *Maclean's*, December 27, 1976.

³Quebec Communications Minister Jean-Paul L'Allier, cited in *Globe and Mail*, July 7, 1975.

Canada,* should include greater provincial authority in migration, communications, culture, and land and mineral resources, as well as in taxation. In a new constitution, the French and English languages would be constitutionally entrenched.

Most provinces and the federal government were satisfied with these provisions, but debate continued over provincial veto prerogatives under amendment procedures. Trudeau seemed impatient, at one point warning that his government might proceed to adopt the constitution before all provinces had agreed on all terms. The new constitution did promise to meet provincial wishes for more decentralization, while also meeting Trudeau's desire for more flexibility in the use of power rather than wholesale decentralization. But in 1977, years of effort on the constitutional question had to contend with a Quebec government bent on separation from Canada, not on rehabilitation. Should Canada's first priority be to defuse separatism by meeting Quebec at least halfway? Should agreement on the formal revamping of the BNA Act be placed in indefinite abeyance? Reviewing the December, 1976, federal-provincial conference, a Montreal newspaper remarked that:

the latest first ministers' conference has again underlined the necessity of restructuring Canadian federalism. The patriation of the constitution is rubbish in comparison to the urgency of establishing terms compatible with the present needs of Canadian citizens.⁴

Although there have been fervent trade union reactions to the Trudeau government's economic policies, the Canadian economic scene is not disproportionately distressing compared to other industrial nations. The policy dilemmas faced by Canada are familiar. The Canadian community is not unconcerned. Public apprehension over trade union influence has been rising. Surveys show that more Canadians have approved than disapproved of the anti-inflation program, and that they (including some workers) have disapproved of the CLC's tenacity, especially toward the day of protest tactic.

The New Democratic party (NDP), Canada's principal left of center party, maintains ties with the unions. But the CLC leadership has been increasingly critical of what it has felt to be the NDP's lack of full sympathy for union causes, for instance the anti-inflation campaign and its call for a tripartite, labor-management-government board to oversee investment and employment strategies. The CLC has also been skeptical about the NDP's ability to accomplish much electorally. The NDP currently governs in two provinces, Saskatchewan and Manitoba; it continues to attract about 16-18 percent of national popular support and has no foreseeable chance of capturing office in Ottawa. Whatever their relative popularity the two large, historically

mainstream parties, the Liberals and the Progressive-Conservatives, continue to draw the great bulk of electoral support, even at a time of economic unsteadiness.

The question of national unity, focused on Quebec, can be regarded as less serious than the election of a strong PQ majority in that province might suggest. The PQ achieved its victory with only 41 percent of the popular vote. The Liberals lost mainly because they, and Bourassa personally, had become uncommonly unpopular and discredited. There were imputations of scandal and unseemly confrontations with Quebec's working force. Anglophones and ethnic migrants abandoned their Liberal voting habit in protest over Bill 22 and moved in droves toward a revitalized Union Nationale party.

The PQ campaign itself emphasized probity and reform, not separatism. During the campaign, only 7 percent of the Quebec public regarded separation as the prime issue. Indeed, while shortly before the election 18 percent of the province's electorate favored separation, once the PQ had won only 11 percent were found in favor. Lévesque has reaffirmed his commitment to independence, but has promised that his government would first seek endorsement of this step in a provincial referendum. In the meantime, early indications are that the PQ is concentrating on social reform, on economic growth, and on dispelling ideas that it is a socialist party frightening to investors.

It is not known when or whether Quebec opinion will produce a pro-independence majority. But it is revealing that, Canada-wide, by the close of 1976 a larger proportion of Francophones than of Anglophones believed that French-English relations had improved during the preceding years, and proportionately far fewer Francophones than Anglophones believed that relations had deteriorated. There is an undercurrent of sentiment in parts of English Canada that if Quebec really wants to separate, then it is time to stop coddling the province and let it go. On the other hand, the PQ victory animated many people across the country to foster rapprochement between the two cultural groups and to look for constructive means by which to discourage separatist feeling in Quebec.

It is not clear which national party is best suited to deflect Quebec separatism and hostile feelings among

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⁴*La Presse* (Montreal), December 15, 1976.

"Despite the declining significance of agriculture in terms of its share of total output and employment in Canada, the agricultural sector remains an important and dynamic sector of the Canadian economy. . . . Overall, agricultural policy in Canada has encouraged efficiency in farm operations but has been relatively ineffective in dealing with the poverty problem in the agricultural sector."

Canadian Agriculture Today

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CANADA is increasingly an urban, industrialized society, and only six percent of Canada's 22.8 million people live on farms; yet agriculture is an important sector of the Canadian economy. Public interest in this sector heightened as food prices increased in the 1970's. Canada is a relatively efficient producer of many agricultural commodities—most particularly wheat—and a major world exporter.

The typical farm unit is a family farm; but changes in the structure of agriculture have led to highly mechanized and capital-intensive farming. Government policy for agriculture tends to encourage maintenance of the family farm, and to encourage the expansion of agricultural output. Today, there is considerable controversy in Canada with regard to the future directions of agricultural policy and, in particular, the extent and nature of government intervention in the agricultural sector.

There are some 170 million acres of occupied farm area in Canada, of which improved farm land constitutes approximately three-fifths (or 110 million acres).¹ This occupied farm area represents less than 8 percent of the nation's total land area. Some expansion of Canada's agricultural land base is possible (perhaps another 50 million to 60 million acres could be improved) but

much of this area would be relatively marginal and high cost farm land.²

The main types of farms are dairy, livestock, grain, combination grain and livestock, and special crops. The dominant agricultural provinces in Canada are Ontario, Saskatchewan, Manitoba and Alberta. Eighty percent of Canada's occupied farm land is located in the prairie provinces of Saskatchewan, Alberta, and Manitoba. The production of grains—particularly wheat, but also barley, oats and oilseeds (flax and rapeseed)—is concentrated in these provinces. Wheat is currently the most important Canadian agricultural product in terms of value of output, although the value of output of this crop has varied considerably in line with changing international markets and prices. Relative to the other agricultural regions of Canada, the value of output per acre is low in the prairie provinces, an indication of the land-extensive nature of prairie agriculture.

Currently second in importance as a source of farm cash receipts is the sale of cattle and calves. Ontario and Alberta are the most prominent producers of cattle and calves, while Ontario and Quebec dominate the production of dairy products, hogs, and poultry products. Although British Columbia and the Atlantic provinces are not major agricultural regions, the production of specialized crops (including fruit and vegetables) and dairying are important to their regional economies.

Since World War II, Canadian agriculture has been characterized by increasing total output, rising agricultural productivity, substantial investment, declining numbers of farmers and farms, and increasing farm size. Despite absolute advances in total agricultural output, agriculture in Canada—as in other rich, industrialized nations—directly contributes a relatively smaller proportion of national output today than it did in earlier years. In the 1970's, for example, agriculture's share of Canadian gross national product has declined to less

¹The statistical basis for this article rests primarily on Agriculture Canada, Economics Branch, *Selected Agricultural Statistics for Canada*, Publication no. 76/10 (June, 1976); Agriculture Canada, Economics Branch, *Handbook of Food Expenditures, Prices and Consumption*, Publication no. 76/5 (June, 1976); and Statistics Canada, *Canada 1976*, 1976.

²J.S. Clark, "Land Availability, Uses and Production," Agricultural Institute of Canada Conference, Halifax, Nova Scotia, July 5, 1976. In stressing the limited nature of Canada's agricultural land resources, Clark notes that the farm acreage in Ontario and Quebec is close to that in the state of Ohio, and the arable acreage of the Canadian prairies approximates the total in North Dakota, South Dakota, and Kansas.

than 5 percent. Furthermore, the agricultural sector directly employs fewer workers, both absolutely and relatively, than it did in the past. The number of farmers and farm workers has dwindled from 681,000 in 1961 to 479,000 in 1975. Only five percent of the total labor employed in Canada in 1975 was employed in agriculture.

This tendency toward structural change with respect to the role of agriculture in Canada's economy is the result of several pervasive socioeconomic forces. In part, it reflects the increased income levels and consequent changed pattern of demand as consumers spend a decreasing proportion of their income on food.³ It also reflects the dramatic change in the availability and use of technical innovations in agriculture and the associated increased levels of capital investment and of productivity. Capital has been substituted for labor in the agricultural production process and capital additions have embodied technical progress and have released labor.

Despite the declining share of agriculture in total output and employment, the agricultural sector nevertheless remains an important and dynamic sector. Indirectly, the agricultural sector generates substantial economic activity and employment in the food marketing as well as the farm input and servicing sectors. Furthermore, the fact that such a small proportion of the Canadian population is able to provide food for the rest of the nation (and an exportable surplus) is an indication of relative strength and enormous productive capacity, not weakness, in the agricultural industry.

The decline in the number of people directly engaged in agriculture has been accompanied by a sharp decline in the number of farms in Canada—from 481,000 in 1961 to approximately 325,000 in 1975. The overwhelming majority of these farm units are family farms; there are relatively few corporate farms in Canada. According to the 1971 census, nearly 69 percent of Canada's farms were owned by their operators; 5 percent were rented; and the remaining 26 percent were partly owned and partly rented. In comparison to his non-agricultural counterpart, the typical farm operator in Canada is older and tends to have attained a lower level of formal education.

The average capital value per farm in 1961 was \$27,389. By 1975, this had increased to \$135,411 (in current dollars)—an increase which reflects the effects of increasing prices and larger farm sizes as well as increased investment. Over the decade from 1961 to 1971, the average Canadian farm increased in size from

279 acres to 463 acres. These averages mask considerable variation between regions and types of farms. It is not uncommon for the owner of a highly mechanized prairie grain operation to farm 1,000 acres or more with relatively little assistance, whereas many specialized fruit and vegetable farms (and even some hog and poultry units) may be 50 acres or less in size.

Agriculture is important to Canadian trade. Agricultural exports, valued at \$3.9 billion in 1975, represented 12 percent of all Canadian exports. By far the most significant agricultural exports are grains and grain products—predominantly wheat. In fact, grains comprised nearly two-thirds (and grains and oilseeds constituted over three-fourths) of the value of agricultural exports in 1974 and 1975. As is true in the United States, the recent surge in agricultural export earnings in Canada has considerably cushioned the adverse balance of payments effects occasioned by the energy crisis and the global recession. The value of Canadian agricultural imports reached \$2.9 billion in 1975; these imports were largely non-competitive products like fruit and nuts, vegetables, cane sugar, and other plantation crops.

Historically, Canadian agriculture has been relatively unprotected by trade barriers. In recent years, there have been minor policy changes associated with domestic farm programs which, on balance, have increased the degree of protection of Canadian agriculture. In the long run, however, Canada shares with the United States an interest in securing the overall benefits of freer trade in agricultural products.⁴ A reduction in the barriers to agricultural trade may not be easy to achieve, because some agricultural sub-sectors have a vested interest in maintaining a protected position (for instance, the manufactured dairy products industry in both nations) and because European agricultural policy remains essentially restrictionist.

FARM PROBLEM ANALYSIS: PAST AND PRESENT

Since 1973, some segments of the Canadian agricultural industry, especially the grains economy, have experienced unprecedented prosperity. Traditionally, the agricultural sector in Canada, as in the United States, has been characterized by two major problems: the short-run problem of price and income instability and the long-run problem of relatively low farm prices and incomes.

Fluctuations in farm prices and incomes have arisen because of the peculiar characteristics of, and changes in, the demand for and the supply of agricultural products. With respect to Canadian grain, shifts in supply due to weather, disease and pests were probably paramount causes of instability in earlier years; in the last decade, shifts in foreign demand—particularly those associated with the U.S.S.R. and the People's Republic of China—have been the prime factors underlying instability.

³In 1975, expenditures on food in Canada represented 18.3 percent of personal disposable income, about one percentage point higher than the corresponding proportion in the United States.

⁴D. Gale Johnson, *Farm Commodity Programs: An Opportunity for Change* (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1973).

The fact that agricultural prices and incomes have tended historically to be low relative to other sectors can be attributed to fundamental socioeconomic forces. Associated with the long-run tendency toward relatively low prices and incomes has been the inequitable distribution of income in the agricultural sector. There is some indication that income inequality in agriculture has continued to widen in Canada since World War II (with perhaps some amelioration in the recent agricultural boom) and that a number of Canadian agricultural programs have accentuated, rather than reduced, income disparity.

The recent experience of high farm prices and incomes raises the question: should recent high prices and incomes be regarded as a short-run aberration (an instability phenomenon) or as a major change in the Canadian and world agricultural economy? We are strongly inclined to accept the former view. The premises that the international food economy is undergoing a fundamental transformation because of changing conditions on both the demand and supply side and that food scarcity is becoming chronic should be regarded with some skepticism.

The current buoyant prices for several farm commodities would appear to be a transitory, not permanent, feature of North American agriculture. Canadian farmers will not have unlimited markets for their agricultural produce in the years to come, as recent experience in the beef and dairy sectors indicates. Early signs of weakening in international grain markets also lead to this conclusion. There is a strong likelihood of increasing food deficits in poor nations over the next decade. But given current and prospective mechanisms for the international distribution of foods, it is not easy to see how a world need for food will be readily translated into an effective export demand for Canadian produce. Furthermore, the domestic demand for food in Canada will grow less, rather than more, rapidly in the future because of a lower rate of population growth and the more limited impact of rising incomes.

On the supply side, Canadian agriculture is not so constrained by resource and technological considerations as is popularly believed. It is true that the retrenchment of prime farm land and its conversion to urban uses are causing growth concern in many parts of Canada. But the need for intensified land-use planning is far more important for greenbelt amenities for both urban and rural people than for the guarantee of a safe food supply for Canadians. It is also true that the mechanization of Canadian agriculture has been based on cheap fossil fuels and that high energy prices will

require readjustments. However, the impact of the energy crisis on the productive capacity of Canadian agriculture has been considerably overrated, since direct energy costs are a relatively small proportion of the total costs of agricultural production and medium-run prospects for fertilizer supplies and prices are now much more favorable than ever. It is true that productivity growth, as conventionally measured, has greatly slackened in Canadian agriculture of late. Nevertheless, it is hard to conceive that there is no scope for technological advance in the agricultural sector, even if future improvements will be more difficult to achieve.

In short, the unprecedented levels of farm (especially grain) prices and incomes in Canada since 1973 should be regarded as a manifestation of instability rather than as a forerunner of a fundamental and lasting change in the world or Canadian food economy. Such a conclusion is hardly surprising, given the historical record of instability in Canadian agriculture and, in particular, the prairie grain economy.

It should also be noted that food scarcity and associated increases in food prices are likely to be less important causes of inflation in the Canadian economy in the future than they were in the period from 1973 to 1975. Since the farm share of the consumer's food dollar has shrunk to less than 40 percent, escalation in the cost of food marketing services is potentially a greater factor in retail food price increases than a rise in the value of raw products at the farm gate.

CANADIAN AGRICULTURAL POLICY

Historically, Canadian agriculture has served as an instrument of national policy and development.⁵ From confederation in 1867 until 1930, agricultural policy focused on expansion and productivity. The experience of the Great Depression led to an expanded government concern with the level and stability of farmers' incomes; a "patchwork" of programs resulted from this period and the war years.

In the last decade, structural adjustment programs (including various regional development programs and the institution of the small farm development program) have been reorganized and extended and some long-standing programs (for example, the programs affecting the domestic marketing of feedgrains) have been rationalized. The major recent policy emphasis, however, has been felt in the area of the marketing and price levels of agricultural products. A variety of federal and provincial price support operations have been designed to reduce, to some degree, the uncertainty and variability that characterize the price levels of many agricultural products. Nonetheless, compared to Europe and Japan and even to the United States, the degree of price support and the extent of government intervention in Canada have been relatively modest for all commodities except manufactured dairy products.

The other major factor in agricultural policy has

⁵For more detail on earlier policies and programs, see V.C. Fowke, *Canadian Agricultural Policy* (Toronto: University of Toronto Press, 1947). For a more recent discussion, see: W.M. Drummond, W.J. Anderson, and T.C. Kerr, *A Review of Agricultural Policy in Canada* (Agricultural Research Council of Canada, 1966).

been the increasing use and power of marketing boards. These institutions (whose activities are somewhat similar to those undertaken under marketing orders and agreements in the United States) involve the joint undertaking of marketing activities by all producers of particular agricultural products. In the case of fluid milk and poultry products, these boards have been given the power (not granted to marketing boards for all products) to control the levels of marketing from their producer-members and thus to raise their prices by applying quotas. In the light of general increases in the prices of food and other items that occurred in the period from 1973 to 1975, some board actions have raised substantial public controversy and charges that consumers' interests have been overlooked in the determination of agricultural policy.⁶

Canadian agricultural policy has been criticized for not directly confronting the long-standing fact that a segment of the farm population lives on poverty-level incomes.⁷ The extent of off-farm income as a contributor to the income levels of Canadian farmers has only recently been documented. Even so, it is apparent that a segment of the agricultural sector has a very low income level. Traditionally, much of the public effort directed toward agriculture has tended to encourage efficiency in farming operations and thus to emphasize the expansion of agricultural output (for example, with research and extension activities).

When agricultural policy has been explicitly directed to the problem of the relatively low income of farmers, it has often taken the form of modest price support programs. Since these programs typically distribute benefits on the basis of output or sales, they provide only minor benefits to the smallest and marginal producers. Their overall result has been to encourage a relatively efficient agricultural sector. However, these programs have not offered much assistance to those who could not take advantage of technological innovations in farming and have provided little assistance or encouragement to enable marginal producers to shift their resources into more productive activities.

There is some recognition that the low income problem in agriculture may need to be solved more selectively by means of guaranteed annual income or negative income tax schemes, rather than across-the-board price and marketing programs that influence the incomes of all producers. However, the political feasibility of such new approaches appears limited; governments are likely to continue to prefer agricultural programs that limit direct treasury costs and involve the transfer of indirect subsidies from consumers to producers.

Recently, there has been criticism—most notably from the Food Prices Review Board in its final report—that Canada suffers from the lack of a definitive national food policy. The formulation of agricultural policy in Canada is complicated, of course, by the fact that jurisdiction for agriculture is jointly shared by the federal and the 10 provincial governments. It is probably impossible to delineate a complete and consistent set of goals for Canadian agriculture. Nevertheless, public debate on appropriate objectives for the agricultural sector should be encouraged. In 1976, there were a few signs that the federal government was undertaking an internal reassessment of overall agricultural policy.

Several current policy issues in Canadian agriculture deserve brief mention. The rationalization and improvement of the grain handling and transportation system, as well as an alteration of freight rate policies, are under active public inquiry and discussion in western Canada. There has also been considerable interest in the question of price and income stabilization, and a new plan for the stabilization of the income of western grain producers has been introduced. The present plight of cow-calf producers has generated several temporary assistance measures, primarily at provincial levels.

Despite the declining significance of agriculture in terms of its share of total output and employment in Canada, the agricultural sector remains an important and dynamic sector of the Canadian economy. During the last three decades, the agricultural industry has undergone considerable change and structural adjustment. In the future, Canadian agriculture will be characterized by continued income instability, the possibility of increased income inequality, and the probable re-emergence of the historic income level problem.

With the exception of dairy policy and the recent supply-management marketing boards, there has been considerably less government intervention in Canadian agriculture than in most other industrial nations. Overall, agricultural policy in Canada has encouraged efficiency in farm operations but has been relatively ineffective in dealing with the poverty problem in the agricultural sector. Canadian agricultural policy in the future must be more specifically directed to the needs of low-income producers and to the emerging concerns of consumers. ■

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⁶Food Prices Review Board, *Telling It Like It Is*, Final Report, Ottawa, February, 1976.

⁷In the late 1960's, one-third of Canada's farm families were estimated to be living below the poverty line. See the Federal Task Force on Agriculture, *Canadian Agriculture in the Seventies*, Ottawa, December, 1969.

In Canada, "the question of the effectiveness of wage and price controls arouses controversy. . . . The decrease in the inflation rate is partly due to a reduction in international inflationary pressures; Canada has a very open economy. Some of the decrease is due to the anti-inflation program. . . . The question of an appropriate 'post-controls' policy package is now being discussed [and] the effectiveness of the controls will be debated."

Controlling Inflation in Canada

BY M. L. KLIMAN

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FOR the last three years, Canadians who are concerned about the state of the economy have been preoccupied with inflation and with the government response to it. Prices in Canada began to accelerate in 1973 along with prices in other Western economies. The consumer price index rose by almost 11 percent in both 1974 and 1975. This rate of increase may not appear excessive compared to the corresponding rates in many of the OECD (Organization for Economic Cooperation and Development) countries commonly used for comparisons. But it alarmed Canadians, particularly because, for a disquietingly long time, there was apparently no reason to believe that inflationary pressures would abate.

While the United States inflation rate declined significantly in 1975, Canadian prices continued to climb. In the 1974 election campaign, when wage and price controls were part of the platform of the main opposition party, the Progressive Conservatives, Prime Minister Pierre Elliott Trudeau and his Liberal party had ridiculed such measures. The use of direct controls to reduce inflation would have been highly controversial in any event. Nonetheless, in October, 1975, Trudeau announced a broad range of new measures to fight inflation, including controls on wages and prices. In the light of his political turnabout, the public's reaction was heightened; Canadian attention has been directed at inflation as a major public issue ever since. Although

there is reason to be concerned about excess economic capacity and insufficient aggregate demand, the inflation rate dropped substantially in 1976. Nonetheless, the inflation question continues to share center stage.

The anti-inflation program initiated in October, 1975, combined traditional monetary-fiscal restraint with machinery to monitor and control prices and incomes. The authority to establish controls has been vested in an Anti-Inflation Board. The application of the controls affects only those involved in producing about one-half of the country's output; implementation has been hampered by the usual difficulties involved in establishing a bureaucracy in great haste. Nevertheless, the board has the authority to interfere with market processes to an extent unprecedented in peacetime Canada.

Why was the government willing to pay the political costs of blatantly overturning its own campaign promises to embrace the kind of economic policy that many argue had already been discredited in other countries? The answer is not simple. Indeed, some critics argue that the action must be understood as much in terms of the provocative style of the present government, which sometimes appears unduly to favor confrontation politics, as in terms of economic analysis. Be that as it may, a number of characteristics of Canadian economic and political life in 1975 may have stimulated the government's strong actions.¹ By 1975, inflation was based on widespread expectations of continuing inflation. Income earners and producers were attempting to adjust their earnings to offset current and expected inflation. The government viewed their demands as excessive and as the source of future inflation.

In the early 1970's, organized workers in Canada enjoyed significant real wage increases. But during 1973 and 1974, the rate of increase declined markedly, and some workers saw their past gains disappearing because of rising prices. Workers covered by "major

¹A useful description of the state of the economy in the period preceding the controls can be found in the *Thirteenth Annual Review* of the Economic Council of Canada, entitled *The Inflation Dilemma* (Ottawa: Supply & Services Canada, 1976), chapters 6-8. The arguments presented in that report should not, however, be viewed as identical to the government position. Although it is financed by the federal government, the Economic Council is a semi-independent research and advisory body made up of private citizens drawn from a broad cross-section of Canadian life.

TABLE 1: Annual Change in Real Average Weekly Earnings by Sector, 1973-1975

	1973	1974	1975
	(percent)		
Mining	3.6	2.1	6.5
Forestry	6.4	0.6	2.8
Manufacturing	-0.2	-0.1	4.2
Construction	-0.1	0.1	5.4
Transportation & Communication	0.8	1.5	3.7
Wholesale Trade	-0.6	-0.6	2.9
Retail Trade	0.4	-0.2	2.8
Finance, Insurance, & Real Estate	2.2	0.6	1.3
Services	-0.8	-0.8	3.1
Average	0.0	0.1	3.4

Source: Economic Council of Canada, *Thirteenth Annual Review, The Inflation Dilemma*, 1976, p. 26.

collective agreements" (involving bargaining units of 500 or more workers) realized average increases in their real base wage rates equal to 5.2 percent in 1970, 4.9 percent in 1971, and 2.4 percent in 1972.² This rate of increase dropped to 0.7 percent in 1973 and 1.2 percent in 1974. A more general accounting of earnings by industrial category in the private sector is presented in Table 1. On average, weekly earnings in industries covered by major collective agreements remained constant in 1973 and rose significantly in 1974. Workers in manufacturing, construction, wholesale and retail trade, and the service industries experienced net reductions in real earnings.

Moreover, wage settlements varied substantially within each industry. In manufacturing, for instance, some groups realized very substantial increases, but wage settlements in the majority of firms were relatively modest. The consequence was a widening of some traditional wage differentials and the creation of new expectations, catch-up pressures, and tensions in the bargaining process.³

The push for large wage and salary increases became especially acute and effective in the public sector. For instance, referring again to major collective agreements, in 1975 the average wage increase provided by these agreements in the public sector was 19.1 percent. The corresponding figure for the private sector was 14.7 percent.⁴

Labor's claim to recover eroded past gains due to inflation in 1973 and 1974 was given credence by corporate profit performance in those same years. As indi-

cated in Table 2, Canadian corporations experienced phenomenal profit growth in the years 1971 through 1974, even in the light of the high inflation rates in the latter portion of that period. However justified, organized labor was perceived to be growing more militant, and the media focussed often on the high rate of work stoppage due to strikes and on the difficulties encountered by all three levels of government in dealing with strong unions in the public sector. Total person-days lost because of labor disputes grew from 5.8 million in 1973 to 9.3 million in 1974 and 10.9 million in 1975.⁵ (The mean for the 10 years ending in 1975 is 6.5 million. These data are not adjusted for growth in the labor force.)

In the light of declining productivity in 1974 and 1975 and despite the slowdown of economic activity in 1975, there seemed reason to believe that producers would attempt to continue to pass cost increases along to consumers.

A wage-price spiral based on inflationary expectations depends, of course, on accommodative demand management policies. In fact, the highly open Canadian economy was particularly receptive to international demand pressures in 1973, because of the expansionary monetary policy that had prevailed between 1971 and 1973, when the narrowly defined money supply grew at annual rates in the 13-14 percent range.⁶ In 1974, the rate of monetary growth was reduced somewhat, but it picked up again in 1975. In its fiscal policy, the Canadian government was also unwilling to apply restraint in 1974-1975 to the extent experienced in the United States. This unwillingness to embrace a restrictive demand management policy can be traced back to 1969-1970. At that time, the government was criticized because it adopted a tough monetary-fiscal stance that reduced the rate of inflation and generated substantially increased employment. (In the 1972 election, the Liberals lost their majority position, although they retained power as a minority government. Some observers view their economic policy as a significant factor in explaining the Liberals' political losses at that time.) The Trudeau Cabinet was apparently loath to take that chance again.

Nevertheless there was a significant change in monetary policy in 1975. Before 1975, the Bank of Canada approached monetary policy as an exercise directed toward the establishment of optimal "credit conditions," conditions consistent with acceptable levels of unemployment and inflation and a healthy rate of economic growth. But under less than ideal conditions, the bank has sometimes found itself fashioning credit conditions designed to satisfy other objectives; consequently, it has allowed the supply of money to grow at rates inconsistent with acceptable unemployment-inflation targets. For instance, prior to 1970, when the Canadian dollar was allowed to float, monetary authorities were often occupied with keeping Canadian inter-

²*Ibid.*, table 3-3, p. 29. Workers covered by the major collective agreements make up only 22 percent of the labor force but, since settlements reached by the bargaining units involved are widely publicized, the experience of these workers has a disproportionate importance at a time when the formation of expectations of future inflation is a key issue.

³*Ibid.*, pp. 25-6.

⁴*Ibid.*, table 3-2, p. 28.

⁵*Bank of Canada Review*, December, 1976, p. S112.

⁶*Ibid.*, p. S20.

TABLE 2: The Canadian Economy: Selected Performance Variables, 1970-1975

	1970	1971	1972	1973	1974	1975
Percent change from previous year in:						
Consumer Price Index	3.3	2.9	4.8	7.6	10.9	10.8
GNP (at constant prices)	2.5	6.5	5.9	7.2	3.2	0.6
Wages, Salaries, & Supplementary Labor Income	8.4	9.8	11.4	13.4	16.8	14.0
Corporation Profits (before taxes)	-7.2	12.8	23.3	34.4	27.2	-2.9
Level of Unemployment (percent)	5.7	6.2	6.2	5.6	5.4	6.9

Sources: *Bank of Canada Review*, Dec., 1976, Table 1;
Canada, Department of Finance, *Economic Review*, April, 1976, p. 116.

est rates in line with those in international financial markets to avoid speculative pressures on the dollar. Some small element of this concern presumably persisted after 1970 as well, since the exchange rate has not always floated freely but has been "managed." Critics have also argued that the Bank of Canada has been too ready to finance government budgetary deficits: when the federal debt has been floated in periods of high interest rates, the central bank has bought substantial amounts of it rather than accept further increases in interest rates consistent with the full absorption of the debt in the private sector. Thus, questionable rates of growth in the money supply can at least in part be attributed to the Bank of Canada's approach to monetary policy.

In late 1975, it was announced that the Bank of Canada would henceforth adopt a position closer to the "monetarist view" that the rate of growth of the money supply should be stabilized, with interest rates allowed to fluctuate. Initially, the narrowly defined money supply was to be allowed to grow at a rate between 10 to 15 percent per year. This was later revised downward to an 8-12 percent range; it will be further reduced in response to the falling inflation rate. The money supply rule is not to be followed rigidly.

The current approach to monetary policy does not, of course, mean that indicators other than monetary aggregates are being ignored, but rather that considerably more weight is being placed on stability in monetary expansion than was formerly the case.⁷

The bank's actions in the last 18 months bear that out. The change of stance is relevant to the present discussion because, though the government was not willing to foster a severely contractionary fiscal-monetary package, the moderate path taken by the Bank of Canada has

provided an improved monetary backdrop for the controls program.

In sum, the government's fear of a traditional Keynesian solution, and its perception that the main source of continuing inflation was the inflationary expectations of the Canadian public explain its decision to adopt wage and price controls. If wage and price controls are effective, the rate of inflation will decline. The expectations of continuing inflation will disappear, and it will then be safe to remove the controls.

Of course, in the 1970's no economist would argue that wage-price controls combined with *expansionary* policies would reduce inflation effectively. Economists believe, rather, that if they are combined with controls demand policies do not have to be *as contractionary as would otherwise* be necessary. In the words of the Anti-Inflation Board's research director:

Controls... do not alter the long-run inflation rate from what it would have been [with the same monetary and fiscal policy]. What controls are supposed to do is to change the adjustment path from one inflation rate to another.⁸

In this view, controls are regarded as a less costly way of dealing with inflation. Because it allows a lower level of unemployment, the controls program will avoid an annual loss in gross national product (GNP) in the range of \$4 billion to \$8 billion, approximately \$200 to \$400 per capita. The AIB's researchers estimate the annual cost of the controls to be on the order of \$25 to \$50 per capita.

In cost-benefit terms, then, the use of controls to ease adjustment from high inflation to low inflation should result in a net benefit in terms of real output of \$175 to \$350 per year on average for every Canadian during the three-year adjustment period.⁹

Of course, these figures can be disputed; they are viewed as rough by their author. They represent what many view as a very narrow accounting of the costs of controls, ignoring many implications that are difficult to quantify but potentially no less important. In short, even if it is believed that the inflation-unemployment trade-off is improved by the use of controls, it remains legitimate to ask whether there are net gains from the controls program when all costs and benefits are accounted for in the trade-off.¹⁰

⁷Bank of Canada, *Annual Report of the Governor*, 1975, p. 12.

⁸From a speech by David A. Dodge at McMaster University, Hamilton, Ontario, October 25, 1976.

⁹*Loc. cit.*

¹⁰An insightful critical discussion of the program carried out in a cost-benefit framework has been written by Richard G. Lipsey. See "Wage-Price Controls: How To Do a Lot of Harm by Trying To Do a Little Good," *Canadian Public Policy-Analyse de Politiques*, vol. 3, no. 1 (winter, 1977).

Public opinion on the overall efficacy of the controls varied. Most provincial governments appeared to favor controls more or less openly, partly because controls made it easier for them to deal with their public sector work forces. Strikes by teachers, nurses, and other groups that bargain in a framework defined and managed by provincial or municipal governments have become more common. Some observers claim that wage controls are in fact a recognition that governments at all levels, with the power to tax, have been unable to bargain as effectively with labor unions as private business, where the limits on wage increases are more evident and more unyielding. Whatever their reasons, provincial governments entered into the agreements that extended the controls into provincial public sectors. The program can, in fact, be viewed as "... an experiment in federal-provincial cooperation that is unique in peacetime."¹¹

On the other hand, organized labor strongly opposed the program from the outset, fearing that controls will destroy the income gains made by workers in the process of free collective bargaining and that controls are seriously eroding the bargaining process. The contention that wage controls passed the burden of the program to labor was made more credible by the nature of the measures taken to control prices and profits. Sensibly, prices in competitive markets, including agricultural products at the farm gate, were exempted. Initially, the Anti-Inflation Board was only to influence the pricing decisions of firms employing more than 500 people, plus firms in a few specially designated areas, like the construction industries. In June, 1976, it was announced that direct controls on prices would be dropped entirely.¹² Instead, the control of profit margins would limit the capitalist's share of income, just as labor's share was limited, and to

... contain unwarranted price increases in the sectors under its (i.e., the AIB's) surveillance. ... Most firms faced with the choice of restraining profits by holding down prices or paying fines to the government would favor their customers.¹³

The profit controls may or may not work well. Whatever their impact, for the most part the indirect nature of such techniques conceals their effects from the public. Thus, the belief that wages are controlled while prices are not is widespread. Profit controls have been further criticized because they are cumbersome to apply and because they are likely to act as a disincentive to investment.

One reason for the continued high level of public attention to wage and price controls is labor's active campaign to convince the public of the legitimacy of its

opposition to the program. The opposition has mounted an unsuccessful attack on the constitutionality of the program, an attack carried to the Supreme Court of Canada; the campaign reached a high point with a "National Day-of-Protest" on the first anniversary of the controls. The protest, copied from the strategies of European labor, involved some risk, because the Canadian Labour Congress that organized it is only a federation of unions, without any centralized decision-making power. In the event, however, significant national support materialized.

Industry's attitude towards the anti-inflation program has involved less of a consensus. Initially, its support for the government was so strong that it appeared somewhat out of character. As the controls evolved and perceptions of their impact on business were clarified, much of that support evaporated.

A VERDICT ON CONTROLS

The question of the effectiveness of wage and price controls arouses controversy. The inflation rate has decreased. On a seasonally adjusted basis, the consumer price index rose at an annual rate of 6.8 percent in 1976.¹⁴ The decrease in the inflation rate is partly due to a reduction in international inflationary pressures; Canada has a very open economy. Some of the decrease is due to the anti-inflation program. Critics have pointed to the important role of reduced food prices (which are outside the direct purview of the AIB) in the reduction of overall price increases. An overvalued Canadian dollar has siphoned some domestic demand into imports and has made Canadian exports less attractive to foreigners, thus reducing demand pressure. The importance of these various impacts will never be satisfactorily balanced.

The question of an appropriate "post-controls" policy package is now being discussed. The anti-inflation program is scheduled to last for 3 years, but it may well be withdrawn early, as the rate of price increase diminishes. At the time of this writing, there are signs that indicate early withdrawal. The support of some provincial governments is withering away and the federal government has made public plans for the early phasing out of controls, presumably to test public reaction and to establish a new bargaining position. The effectiveness of the controls will be debated; the conventional view holds the controls worked. If this view dominates, future governments will find it difficult to resist pressures to reintroduce controls. Familiarity can breed credence as well as contempt. ■

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¹¹Economic Council of Canada, *op. cit.*, p. 155.

¹²*Ibid.*, p. 158.

¹³*Loc. cit.*

¹⁴Statistics Canada, *Infomat Weekly Bulletin*, January 21, 1977, p. 2.

"... there is discrimination against women in Canada, and ... prejudice is still very much alive. ... Great progress has been made, but women do not yet enjoy equal status and opportunity."

The Great Decade for Canadian Women

BY FLORENCE BIRD

Chairman, the Royal Commission on the Status of Women in Canada

DURING the last ten years, there has been a remarkable improvement in the status of women in Canada. Many laws that discriminated against them have been changed. Attitudes have also begun to change slowly but perceptibly. Men are beginning to understand that the skills and ability of women are essential in a cerebral, industrialized society and that women will not rest until they are treated as equals in marriage and in the marketplace. Women's attitudes toward themselves are becoming more critical.

The main thrust toward this change was provided by the Royal Commission on the Status of Women in Canada (RCSW). The commission was appointed by the federal government in 1967, in answer to repeated demands by a committee representing 33 organizations with a membership of two million women. (Since the United States has a population ten times that of Canada, in United States terms that membership would amount to 20 million women.)

There were seven commissioners—five women and two men—all individuals with considerable experience in decision making, with specialized knowledge of different areas of concern to women, including law, employment, sociology and education.

The commission faced a monumental task; the terms of reference instructed it "to inquire into and report upon the status of women in Canada and to recommend what steps might be taken by the federal government to ensure for women equal opportunities with men in all aspects of Canadian society. . . ." In addition, there were nine specific areas on which a report was required—the political rights of women; the role of women in the labor force, including the special problems of married women in employment; the better use of the skills and education of women, including special re-training requirements of married women who wish to reenter professional or skilled employment; federal labor laws and regulations; laws, policies and practices concerning the employment and promotion of women in the federal civil service, federal crown corporations, and federal agencies; federal taxation; marriage and divorce; crim-

inal law; immigration and citizenship law, policies and practices.

The commission established an efficient, hard-working, dedicated secretariat made up almost entirely of women. While organization of the secretariat was in progress, the commission called for briefs and announced the schedule for a series of public hearings to begin the following spring. A long period for the preparation of briefs was allowed in an effort to educate citizens by giving them time to study, discuss and think about the problems of women.

While waiting for briefs, the commissioners set up a research program. Members of the secretariat in the disciplines of law, economics, sociology, education and political science prepared background papers. Outside authorities were given contracts for 40 studies in areas that required further exploration: eleven of them were published by the RCSW.

In due course, 468 briefs covering a wide spectrum of Canadian society were received. They came from individuals—teachers, students, lawyers, doctors, nurses, old women, poor women, young women to mention only a few—and from organizations like labor unions, national women's associations, governments, universities and political associations.

The public hearings, at which the briefs were presented, were held in every province and territory including the Arctic regions over a period of nine weeks. Slowly, the public began to be aware of the problems faced by women, thanks to full coverage by the media.

After three and one-half years of work and the spending of slightly less than \$2 million, the report in English and French was presented to Prime Minister Pierre Elliott Trudeau in December, 1970. Professional and well documented, it stated in a single 488-page volume the facts about the status of men as well as women. It was, in fact, a study in depth of a whole society.

The RCSW found that there is discrimination against women in Canada and that prejudice is still very much alive. Women remain outside the power structure in business, politics and government. When women go to

work outside the home they are often paid less than men even when they do similar work. They are also paid less because they crowd into the traditionally low-paid, so-called "women's jobs": they are concentrated in clerical work and the service industries.

It found that, compared to men, women are poor; since they live longer than men, there are many old, poor women in Canada. Laws discriminate against women so that in many respects they are second-class citizens. (It recommended that laws that discriminate against men also be changed, since the commission was concerned with human rights and justice for all Canadians.)

Drastic changes in attitudes as well as in legislation will be needed to provide women with equal opportunities. The commission drafted a blueprint for action over a 10-year period, making 167 recommendations to the private sector as well as to government. Recommendations were made to the provinces as well, under the British North America Act that is the written part of the Canadian constitution; civil rights, education and most labor legislation come under the jurisdiction of the 10 provinces, the Canadian equivalent of the American states. Much social security legislation has become a matter of joint federal-provincial responsibility, in which municipalities are also often involved.

The commission based its recommendations on the general principle that everyone is entitled to the rights and freedoms proclaimed in the Universal Declaration of Human Rights. In particular, the RCSW adopted four principles. Women should be free to choose whether or not to take employment outside of the home. The care of children is a responsibility to be shared by the mother, the father and society. Society has a responsibility for women because of pregnancy and childbirth, and special treatment related to maternity is necessary. In certain areas, women will for an interim period require special treatment to overcome the adverse effects of discriminatory practices.

The report was received with respect. It was taken seriously even by those members of the media who had welcomed the commission with derision and scepticism. Women gave it strong support; action committees sprang up across the country and the report was widely circulated and studied by women's associations.

Six and one-half years have passed since the report was tabled in the House of Commons. It has run into four printings. And it has not been pigeonholed, as the pundits prophesied, because women will not allow it to be set aside. Furthermore, its timing was right; the women's liberation movement had begun to influence the thinking of women about themselves and to make the public aware that women have genuine reasons for frustration and dissatisfaction.

Although many women are impatient because progress has been slow, important recommendations have been adopted. Out of 122 directed to the federal

government, 50 have been implemented and 53 have been partly implemented.

RECOMMENDATIONS

Some recommendations are beginning to make a considerable impact. Notably, machinery has been established in the federal public service to carry out all the recommendations aimed at it specifically. This is an important step, because the public service is the largest single employer of women in the country and gives leadership to the private sector. As the RCSW recommended, recruitment literature has eliminated sex stereotyping. An Equal Opportunities Office has been established, with a counseling service. A formula has been worked out to do away with the "rug ranking" of secretaries. Affirmative action is being undertaken to give women the encouragement, the training and the promotions they need to move from junior management, where most of them have hitherto been stalled, to middle management, where they will acquire the experience to move into senior management.

In the fields of labor and social security, other recommended actions have been taken:

- In areas under federal jurisdiction, like banks, railroads and communications, a woman cannot be fired because she is pregnant.
- The Adult Occupational Training Act gives training allowances to people who have completed three years of full-time housework. Previously, allowances were available only to people who had completed three years in the labor force. During the first year after this recommendation was implemented, the number of women taking training courses increased by 30 percent.
- More trades in the armed services have been opened to women.
- The Royal Canadian Mounted Police recruits women.
- An amendment to the Canada Pension Plan (CCP), the Canadian equivalent of Social Security in the United States, gives the same benefits to the husband and children of a deceased woman who has contributed as it gives to the wife and children of a deceased man who has contributed. Previously a husband and children had to be wholly dependent on a woman contributor before receiving full benefits on her death.
- The Criminal Code has been amended to make a wife responsible for her husband and children, just as a husband is responsible for his wife and children. This applies to all parts of Canada since criminal law is under federal jurisdiction.
- Female employees now have equal pension rights in the federal public service, in the armed services, in the Royal Canadian Mounted Police and in Parliament.
- A new citizenship law is free of all discrimination

based on sex. For the first time, residence requirements for Canadian citizenship will be the same for the alien husband or the alien wife of a Canadian citizen. Any child born outside Canada will be considered a natural-born Canadian if either parent is a Canadian citizen. Either parent, if a Canadian citizen, will be able to apply for the naturalized citizenship of a minor child, retroactive to any date if the application is filed within the next two years. In the case of joint adoption, a child will be granted Canadian citizenship if either adopting parent is a Canadian. Further, women who lost their Canadian citizenship because they married an alien before January, 1947, may reinstate their citizenship if they apply in writing to the Secretary of State.

- A working woman may claim unemployment insurance benefits during maternity leave for a 15-week period at any time that suits her individual needs before or after the birth of a child.
- Family allowances, which are paid to every mother in the country for children under 16, have been increased to an average of \$23 a month, although not to the \$40 a month that the RCSW thought advisable; family allowances are now taxable, as the RCSW recommended.
- Voluntary organizations, like women's centers, are receiving funds from the Department of the Secretary of State.
- A National Advisory Council on the status of women has been established to study the status of women. Its members are courageously outspoken, and the council has sound leadership and acts as the conscience of government. Similar advisory councils have been set up in the provinces.

The partial implementation of other recommendations is a sign of increasingly progressive thinking by governments that are not yet prepared to move ahead as quickly as the RCSW recommended. For example, some but still insufficient support has been given to the promotion of family planning. The Department of National Health and Welfare provides funds for research, the training of personnel, grants to family planning associations and the provision of information. But there are not nearly enough family planning clinics, and the government has not yet launched the large-scale publicity campaign that the RCSW thought essential to guarantee the health and happiness of women and their families, and to reduce the number of abortions.

DAY-CARE CENTERS

So far there is nothing like the network of day-care centers that the RCSW regarded as necessary in an industrialized, urbanized society in which many married women with young children are working. The demand for day-care far exceeds the supply. The federal government has, however, taken some action; it is now paying 50 percent of the capital cost of the centers and 50 per-

cent of their operational costs under the Canada Assistance Plan. The provinces and the municipalities share the cost of the other 50 percent.

The money granted for day-care under the Canada Assistance Plan is certainly a help to poor families, but it militates against middle-income parents because the payments are based on a sliding scale. Since subsidies stop if a parent has an income of \$12,000 a year—the national average in Canada—middle-income parents have to pay \$10 a day, which amounts to \$2,500 a year for one child. Since many young parents have two pre-school children, \$5,000 a year is more than they can afford. As a result, the poor are ghettoized while middle-income parents make other arrangements that often deprive their children of the valuable socialization process involved in a well-run center supervised by trained people. Taking a sociological point of view, the RCSW advised a mix of children from a cross-section of Canadian society in day-care centers.

Unfortunately, a few very important recommendations have not yet been implemented:

- The Indian Act has not been amended to give Indian women the same rights as Indian men. The act provides that an Indian man who marries a non-Indian retains his Indian status and confers it on his wife and children. An Indian woman who marries a non-Indian not only cannot confer on him the status of an Indian but also loses all the rights and privileges of an Indian, as do the children of the marriage.
- The federal government shows no sign of accepting the moderate recommendation of the RCSW that the criminal code be amended to permit abortion by a qualified medical practitioner on the sole request of any woman who has been pregnant for 12 weeks or less. Only about one-third of Canadian hospitals have the abortion committees, required by law, which have the power to decide if a woman's life or health is in danger, and so allow her to have an abortion. Consequently, many poor women are driven to back-alley abortionists, while rich women slip across the border into the United States.

The federal government introduced a long overdue Human Rights Bill during the 1976-77 session of Parliament. When it is passed, this should guarantee equal rights to all Canadian women under its jurisdiction. The 10 provinces have already passed such legislation.

(Continued on page 179)

Well known for her work on human rights, **Florence Bird** has been a news commentator, journalist, social reformer, chairman of the Royal Commission on the Status of Women in Canada, and author. As "Anne Francis," Florence Bird became familiar to audiences throughout Canada as a result of her radio documentaries and her television broadcasts on national and international affairs.

"Is Canada purchasing the right equipment, for the right place, and at the right time? . . . The technological changes that are continuing at an ever increasing rate . . . may place the armed forces in a position where military effectiveness and operational capabilities will be adversely affected."

The Canadian Military

BY R. B. BYERS

Associate Professor of Political Science, York University

IN the past 18 months in Canada, the future evolution and development of the Canadian armed forces have been quietly discussed. For the most part, the debate has been conducted in government circles, with interest groups like the Conference of Defence Associations and segments of the media attempting to influence the outcome.¹ In addition, parliamentarians in the House of Commons have become increasingly vocal with regard to government decisions to acquire new equipment. As is generally the case with respect to Canadian defense issues, most Canadians are unconcerned and are not informed about the possible relationship between changes within Canada's defense sphere and other aspects of public policy.

The outcome of the current discussions will set the basic pattern for the Canadian military for the next several decades. The federal government has been faced with the following dilemma: either to increase allocations to the defense sphere to maintain a viable combat capability for its armed forces or to allow the military to deteriorate to such a degree that it can no longer maintain a credible posture in terms of ensuring the protection and sovereignty of Canadian territory and/or effectively meeting other commitments.

As recently as early 1975, the author suggested that the Canadian armed forces were following the latter pattern.² The Liberal government had not undertaken any serious analysis of the relationship between the resources allocated to the defense sector and achieving certain defense objectives on the one hand, and the

necessity to link foreign policy objectives to defense objectives on the other. That is, the administration of Pierre Elliott Trudeau did not seem to realize that Canada, like other nation-states in the world, could utilize her military establishment to achieve foreign policy objectives. In this sense, the links between general foreign policy goals and the capability of the armed forces were apparently not fully understood in government circles.

In part, Canadian attitudes toward the armed forces were based on a series of complex and interrelated arguments. Like many other states in the industrialized world, Canada tended to downplay the role of force in the international system. Canadians had witnessed the disastrous results of United States intervention in Vietnam. They were withdrawing from military participation in the North Atlantic Treaty Organization (NATO), and increasingly placed emphasis on breaking down the barriers of the cold war and on détente instead of defense.

These factors were reflected in the 1971 white paper, *Defence in the 70's*, which implicitly downplayed the need for a strong military capability. The white paper stated the government's intention

to maintain within feasible limits a general purpose combat capability of high professional standard within the Armed Forces, and keep available the widest possible choice of options for responding to unforeseen international developments.³

However, over time this objective was increasingly eroded and for the first time since 1939 it was not clear that a combat capability could be maintained. To some extent, the shift in defense priorities outlined in 1971 was partially responsible for this trend because the surveillance of Canadian territory and coastal waters—that is, the protection of sovereignty—was ranked ahead of participation in North American defense, in NATO and in peacekeeping operations. In effect, the government formally declared that the armed forces should emphasize a quasi-military rather than a military role.

¹See R. B. Byers, "Emphasizing the Need for Defence: Report on the Conference of Defence Associations," in *Canadian Defence Quarterly*, vol. 6 (Spring, 1977).

²"The Canadian Military and the Use of Force: End of an Era?" *International Journal*, vol. 30, no. 2 (Spring, 1975), pp. 284-98. The author would like to thank the Canadian Institute of International Affairs for its permission to use sections of this article.

³Government of Canada, *Defence in the 70's*, Ottawa, 1971, p. 7.

The protection of Canadian sovereignty is quasi-military; it may require the application of force, but force is normally not central to the task, because the use of force in exercising surveillance and control of Canadian territory and coastal waters is not anticipated. On the other hand, participation in NATO and NORAD (North American Air Defense) constitutes a military role: the potential application of force—at any level—is the primary purpose of the task. At the same time, the 1971 white paper stated that non-military roles like national development would assume greater importance. In other words, the government was stating its preference for a reorientation of defense priorities that would demand a departure from the traditional concept of the application of force on behalf of the nation-state. The Canadian armed forces consequently found themselves trying to fulfill a series of roles and commitments with decreasing resources. To some extent, military tasks competed with quasi-military and non-military tasks, even though the majority of the armed forces accepted the premise that all three roles should be fulfilled. Normally, no conflict would have emerged, but in the 1970's fundamental choices apparently would have to be made if an effective combat capability were to be retained.

Not unexpectedly, the overriding consideration was financial, because the resources allocated to the defense sector were insufficient to meet the commitments undertaken by the federal government at the political level.⁴ For example, in the 1963-1964 fiscal year Canada had a defense budget of \$1.73 billion, which represented 22.5 percent of the total budget, with defense accounting for 3.9 percent of the gross national product (GNP). Ten years later, in 1973-1974, the defense budget had increased by less than \$500 million to \$2.1 billion, which represented 11 percent of the total budget and 1.8 percent of GNP. During this period, defense resources were frozen for a number of years; coupled with inflation, this constituted a continually shrinking defense dollar. Not unexpectedly, this trend was reflected in a manpower reduction, from approximately 121,000 in the armed forces in 1964 to the current level of 78,000. In the process, the functional distribution of the defense dollar shifted away from capital expenditures, including new equipment, into increased operating, maintenance and personnel costs. In fact, by 1973-1974, the latter categories accounted for approximately 74 percent of the budget; just over 10 percent was allocated for capital expenditures.

⁴During the decade covering the period 1963-1973 successive Canadian governments continually renegotiated NATO and NORAD commitments downward and at the same time increased the degree of multi-tasking within the armed forces.

⁵R. B. Byers and Colin S. Gray, eds., *Canadian Military Professionalism: The Search for Identity*, Wellesley Paper no. 2 (Toronto, 1973).

This trend toward financial restraint was, of course, paralleled to a considerable degree in other NATO countries; but the Canadian armed forces apparently suffered more than most of their NATO allies.

Explanations for the Canadian situation include at least three types of factors: sociopolitical, structural-organizational and technological. From a sociopolitical viewpoint, Canadians have historically not been particularly pro-military in attitude and ideology, despite substantial contributions in World War I and World War II. In the periods before both wars, successive Canadian governments expressed little interest in developing or maintaining a military establishment of any significance. There was a tendency to rely on the United Kingdom and, after 1945, to rely increasingly on the United States nuclear deterrent to protect Canadian territory. No distinct military tradition or professionalism⁵ emerged; since World War II, the military has usually been assigned roles and commitments that were not related directly to the interests of most Canadians. Consequently, it was not uncommon for Canadians to ask whether the government had a defense policy. In other words, the tendency to relegate things military to a low priority in Canadian society became the norm, and few Canadians understood changes in military strategy, tactics, equipment and technology that demand greater professionalism and expertise if a military capability is to be maintained.

Unfortunately, but not entirely unexpectedly, Canadian politicians have often shared the values and opinions of the general public. In varying degrees this has been reflected by the lack of interest and/or understanding of military issues shown by successive Cabinets since 1960. The rapid turnover of defense ministers since 1968 is one indication of the relatively low priority allocated to the ministry by the Trudeau administration. Consequently, the popular indifference toward the Canadian armed forces and the extension of this to political circles, along with the low political power of the armed forces, have contributed to current difficulties. This helps ensure that Canada will not become a militaristic state, but it has also meant that insufficient Cabinet attention has been paid to the implementation of official defense objectives and priorities.

Except during and immediately after periods of war, sociopolitical factors are parameters over which the Canadian military has little influence, but structural-organizational factors fall more within their purview. Here one should ask whether the existing force structure and organizational framework are congruent with current roles and commitments or whether outmoded arrangements have been maintained. In examining the force structure, a rather disturbing pattern emerges: it appears that the combat arms, compared to the support arms, have been disproportionately affected. For example, during the 1970 crisis involving the Front for the Liberation of Quebec (FLQ), members of the

support arms had to be employed alongside infantrymen in order to provide an adequate protection capability.⁶

In addition, the increased peacekeeping commitments to the Middle East and Cyprus have placed an added strain on the land forces, and the ability to meet existing commitments, should the need arise, can be seriously questioned.

The same situation exists in the Maritime Command; the naval component is understaffed as destroyers are laid up for lack of operational personnel. While double- and in some cases triple-tasking has been undertaken to meet existing commitments, there is no doubt that the standby NATO commitment, increased peacekeeping and an internal security situation could not be met simultaneously with existing force levels.

However, the relationship between force levels and commitments does not necessarily indicate a need to increase the size of the Canadian Armed Forces. It may be argued that the existing personnel rank structure, and possibly the distribution of personnel by function, adversely affect military capability. Leaving aside the legitimate arguments relating to the higher costs of volunteer forces, the need for more technicians as a result of sophisticated equipment, and the decision to equate military and civilian salary scales,⁷ the fact remains that the cost per serviceman now runs well over \$20,000.

This figure is in part a function of a rank structure which appears exceedingly top heavy. For example, in 1972 there were nearly 15,000 commissioned officers and some 18,000 non-commissioned officers of sergeant rank and above, which only left some 49,000 other ranks. Furthermore, in addition to 97 generals there were 1,100 colonels and lieutenant-colonels, and approximately 2,700 majors. Since higher rank means a higher salary, there are only three ways to cut down on the personnel portion of the budget: (a) by cutting back on the size of the armed forces, (b) by redistributing ranks downward, or (c) by increasing the size of the defense budget at a greater rate than the increase in personnel costs and inflation.

Coupled with the difficulties of rank distribution, there is the problem of constant reorganization, exces-

sive centralization and staffing in headquarters, and over-bureaucratization. These characteristics prevail in any large organization; but because the Canadian military has not been involved in a conventional war since Korea, the tendency to focus increasingly on administrative procedures has been intensified. The lengthy process of unification in both the military and civilian sides of the Department of Defence only serves as the most apparent example. Unfortunately, continuing organizational changes have produced headquarters overstaffing at nearly all levels, and resulting management techniques seem to have adversely influenced the effectiveness of the operational commands. Furthermore, the present organizational infrastructure could probably support double the existing force level.

Thus there is considerable merit in the argument that "administration in the Canadian Forces has . . . lost its flexibility and sensitivity; it is no longer suitable for an armed force. We need to simplify the office structure, to shorten the chains of command, and most of all, to decentralize authority."⁸ The major organizational change announced in the January, 1975, statement is the establishment of Air Command, composed of the existing Transport and Air Defence Commands, including the European air component of CF-104s. Along with Maritime Command and Mobile Command, the new command completes the deunification of the operational components of the Canadian armed forces, but the integrated staff at headquarters in Ottawa is retained. On balance, it seems that structural-organizational factors have made it more difficult to maintain a conventional force capability at the level that existed a decade ago.

Unfortunately, financial problems—coupled with structural-organizational factors—are closely related to the continuing dilemma caused by technological change and the need for replacement of old equipment. Technological change has often made expensive and complex weapon systems obsolete well before the end of their expected life span. This phenomenon has been most apparent in the field of nuclear technology, but conventional military systems have also fallen prey to this difficulty. In addition, research, development, and production costs have significantly increased with each new generation of weapons. In Canada, attempts to develop and manufacture systems like the Avro Arrow aircraft, and the hydrofoil Bras d'Or program, have proven expensive and unsuccessful. Even com-

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⁶The FLQ crisis arose over the kidnapping of British diplomat James Cross and the kidnapping and murder of Quebec Cabinet Minister Pierre Laporte. In response to these actions, undertaken by a small group of individuals, the federal government invoked the War Measures Act and deployed the majority of the Canadian land forces for purposes of internal security.

⁷For more detailed analysis see J. C. Arnell, "The Economics of Defence," *Canadian Defence Quarterly*, vol. 2 (Winter, 1972-3), pp. 23-9 and vol. 3 (Summer, 1973), pp. 25-7.

⁸Colonels J. N. Neelin and L. N. Pederson, "The Administrative Structure of the Canadian Armed Forces: Over-centralized, Overly Staff-ridden," *Canadian Defence Quarterly*, vol. 4 (Autumn, 1974), p. 39.

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BOOK REVIEWS

ON CANADA

CANADA. *By Barry Gough.* (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1976. 182 pages, maps and index, \$7.95.)

Barry Gough "seeks to portray in brief compass the main themes of Canadian history." He succeeds in this admirably, dissipating an earlier American view of Canada as "an inconceivably limitless extension of the wilderness of upstate New York, a vast hunting preserve convenient to the United States."

Canada, the second largest country in the world, needs capital, technology and expertise and does not need large amounts of manpower. Although a few huge urban complexes have developed, 22 million Canadians have sovereignty over some 3,852,000 population-scarce square miles of North America with a Northern Latitude climate, landscape and vegetation. All these factors must be considered when examining Canada's regional and national problems.

Gough has written a brief, well-informed history of Canada since French and English colonization. He believes that Canada is at last moving toward an economic and political philosophy of her own that is not dependent on the United States.

Unfortunately, the separatist movement in Quebec has moved so rapidly in the last year that the section about Quebec is dated. O.E.S.

GOVERNMENT IN CANADA. *By Thomas A. Hockin.* (New York: W.W. Norton & Co., Inc., 1975. 252 pages, appendix, bibliography and index, \$11.95.)

The author calls Canada the world's smallest large nation; she has not realized Prime Minister Sir Wilfred Laurier's prediction in the 1890's that the twentieth century would belong to Canada. Many of the problems facing Canada in the early 1900's have not yet been solved, witness the recent events in Quebec. Yet Canada "has slowly and persistently disengaged . . . from the mother country without incurring either civil war or national fragmentation. . . ." The immense wealth that is being developed in Canada gives Canadians the fourth or fifth highest per capita income in the world today.

Thomas Hockin has written an excellent description of the modern Canadian government and the way it cooperates with the provincial governments. He analyzes the various departments of government and their functions and describes some of the government leaders.

This is more a handbook of government than a history; consequently, it suffers less from the impact of events in Quebec than a history would. The index and appendix are useful sources of information.

O.E.S.

MISCELLANY

SOVIET-AMERICAN ACADEMIC EXCHANGES, 1958-1975. *By Robert F. Byrnes.* (Bloomington, Indiana: Indiana University Press, 1976. 275 pages, bibliographical essay and index, \$10.00.)

This account of the Soviet-American academic exchanges during the 1958 to 1975 period underlines the difficulty involved in negotiating the simplest kinds of agreements with the U.S.S.R. Byrnes analyzes early American scholarly interest in Russia, the origins and expansion of cultural exchanges, the institutions carrying out the exchange agreements, and the problems of negotiating with Moscow.

Alvin Z. Rubinstein
University of Pennsylvania

THE ARABS, ISRAELIS, AND KISSINGER: A SECRET HISTORY OF AMERICAN DIPLOMACY IN THE MIDDLE EAST. *By Edward R. Sheehan.* (New York: Reader's Digest Press; distributed by Thomas Y. Crowell Company, 1976. 287 pages, appendix and index, \$8.95.)

This account of Secretary of State Henry Kissinger's attempt to fashion a coherent policy toward the Arab world after the October, 1973, Arab-Israeli war is based, in part, on extensive and candid conversations with some of the key actors, including Kissinger. Sheehan provides vignettes of Kissinger, Sadat, Faisal and Assad that contribute to an appreciation of the complex issues he presents. The lack of attention to the Soviet dimension leads to an exaggerated focus on domestic political wrangling in the United States.

This volume adds to an understanding of the 1974-1975 period of United States diplomacy. A.Z.R.

COMMUNISM IN ITALY AND FRANCE. *Edited by Donald L. M. Blackmer and Sidney Tarrow.* (Princeton: Princeton University Press, 1976. 651 pages, index, \$25.00.)

At the Twenty-fifth Congress of the CPSU in March, 1976, the Soviet leadership found itself embarrassed by the ideological heresies and political assertiveness of a number of West European Com-

munist parties, especially those from Italy and France. Those interested in the attempts of the Italian and French Communist parties to adapt to parliamentary politics and retain their ideological individuality will find this collection of 15 essays a valuable source. The essays provide historical perspective, insights into the Communist as a politician, detailed examination of how the parties operate at the local level, and an assessment of current strategies.

A.Z.R.

POLITICS AND CLASS FORMATION IN UGANDA. By *Mahmood Mamdani*. (New York: Monthly Review Press, 1976. 339 pages, bibliography and index, \$16.50.)

In this study of Uganda, its history and politics, Mahmood Mamdani traces the "process of the formation of some classes and the decline of others . . . at all levels of production" and the effects on Uganda.

O.E.S.

CLASS STRUGGLES IN TANZANIA. By *Issa G. Shivji*. (New York: Monthly Review Press, 1976. 182 pages, appendices and index, \$9.50.)

Author Shivji uses the Marxist theory of class struggle to explore the history of Tanzania since her independence in 1964.

O.E.S.

KENYA: INTO THE SECOND DECADE. Edited by *John Burrows*. (Baltimore: The Johns Hopkins University Press, 1975. 533 pages, appendices, tables and index, \$18.50, cloth; \$6.95, paper.)

John Burrows, chief of the World Bank mission that produced a report on the first ten years of Kenya's independence, has edited a massive and heavily documented study of the successes and failures of the Kenyan economy during that period. All phases of the economy are covered; valuable tables and maps add greatly to the value of the text.

O.E.S.

FOREIGN POLICY IN WORLD POLITICS. Edited by *Roy C. Macridis*. (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1976. 398 pages and index, \$7.95, paper.)

Comparative foreign policy is always a stimulating study. In this volume, Roy Macridis has selected a scholarly group of writers to describe the major world powers. At the end of each chapter is an excellent selected bibliography that will be of great value to the student. Chinese foreign policy is included.

O.E.S.

THE WAR OF ATONEMENT, OCTOBER, 1973. By *Chaim Herzog*. (Boston: Little, Brown and Company, 1975. 300 pages and index, \$10.00.)

Israel's behavior in the Middle East War of

October, 1973, and the degree to which her overconfidence and strategic mistakes contributed to initial Arab successes are examined in this careful study. The author, now Israel's ambassador to the United Nations, was formerly a military and political analyst. Herzog tells about the military campaigns in lay terms, and he provides authoritative assessments of the failings of Israeli strategy, the role of the Soviet Union, and the performance of Arab armies.

A.Z.R.

UNDERSTANDING WORLD POLITICS. By *Kenneth W. Thompson*. (Notre Dame: University of Notre Dame Press, 1975. 234 pages and index, \$11.95.)

The timeless theme of the issue of ends and means is the central thread running through this collection of essays by a distinguished professor at the University of Virginia.

A.Z.R.

THE KURIL ISLANDS: RUSSO-JAPANESE FRONTIERS IN THE PACIFIC. By *John J. Stephan*. (New York: Oxford University Press, 1975. 279 pages, appendix, bibliography, and index, \$20.00.)

Students of Far Eastern history and politics will find this analysis of Russo-Japanese rivalry over the strategically located Kuril Islands, which are situated between Soviet Kamchatka and Japanese Hokkaido, a valuable reference work.

A.Z.R.

RUSSIA AND BLACK AFRICA BEFORE WORLD WAR II. By *Edward T. Wilson*. (New York: Holmes and Meier Publishers, Inc., 1975. 397 pages, bibliography and index, \$26.00.)

The recent Soviet involvement in Angola has again focused attention on Soviet ambitions in Africa. That this interest is not new is clear from this scholarly survey of Russian initiatives in black Africa in the 50 years before World War II. The author examines the role of the Comintern in attempts to exploit unrest in the British and French colonial empires; he traces Czarist efforts to establish a foothold in East Africa. This is a serious, informative study, ably presented, and should prove of interest to all specialists on African affairs.

A.Z.R.

JAWAHARLAL NEHRU: A BIOGRAPHY: VOLUME I: 1889-1947. By *Sarvepalli Gopal*. (Cambridge, Mass.: Harvard University Press, 1976. 398 pages, bibliography and index, \$17.50.)

This well-written political biography of Nehru deals with his youth, his early attraction to the Congress party movement, and his emergence as a national leader. Many themes familiar to students of India's history and politics are given a fresh look.

A.Z.R. ■

CANADIAN POLITICS

(Continued from page 161)

Anglophones; the Liberals, the PC and the NDP are all resolutely federalist. Among themselves, the federal Liberals are ambivalent. Lévesque might try to shift all manner of blame (i.e., Quebec grievances) on Ottawa, meaning the federal Liberals. Still, as members of a party with an important following in both English and French Canada, the Liberals could be regarded as the bearers of an impressive national unity effort. But of ten provincial governments, the Liberals currently control only two, both in the Maritimes. In the West, where doubts about major concessions to Quebec have been most expressive, the federal Liberals have been in disarray for two decades. They currently hold only 13 of the 68 federal seats in the four Western provinces.

The NDP applauds the PQ's socioeconomic reformism, but opposes its separatism. In part, its chances for national leadership are weak because its Quebec base has always been weak.

That leaves the PC. In national trends polled after the Quebec election, the Conservatives continued their year-long lead over the Liberals; 47 percent PC, 33 percent Liberal, and 17 percent NDP. Trudeau and the Liberals have lost support for many reasons, and it is not at all clear that a PC government could do better. Theoretically, the Liberals could hold on until the expiration of their parliamentary mandate in 1979, though an election is probable no later than 1978. There are some indications that were the PC to enter office shortly it would enjoy a fair amount of public confidence. The party could capitalize on its traditional popularity in the West. Its new leader, Joseph Clark, is an Albertan and has indicated that he believes a more determined commitment to regional and provincial interests could improve the political climate. Traditionally, the PC could expect little support in Quebec, thereby remaining an overwhelmingly Anglophone party and facing heavy odds in winning a majority in the House of Commons. The party retains elements strongly suspicious of Quebec and concessions of the French community. But Clark himself has assets—youth, a progressive outlook, bilingualism, and an apparently genuine sensitivity toward Quebec. When he won the PC leadership at a national party convention in early 1976, the votes of Anglophone delegates did not automatically go to him instead of his principal Francophone rival. The PC party has recently gained support not only among Anglophones, but among Francophones as well. This has been indicated in some by-elections, and in survey data from Quebec.

While Canada faces uncertainty, signs of recovery

⁵H.A. Morton, "The American Revolution: A View from the North," *Journal of Canadian Studies*, vol. 7 (May, 1972), pp. 49-50.

and political confidence are evident. Canada is resilient. As one observer has recalled:

Canada has expanded across a continent, changed its international status, reformed its social order, developed its economy, secured to its variety of nationals their individual rights and liberties, all without a revolution or a Civil War.⁵

SEPARATISM AND QUEBEC

(Continued from page 157)

success; even Trudeau has admitted that the program of bilingualism has divided the country instead of uniting it. This is particularly true in the Western provinces and accounts, in part, for the small number of Liberal members of Parliament from this area.

The Quebec election gave Trudeau a new impetus to plead for the cooperation of English-speaking Canada, asking for an understanding of Quebec and the French-Canadian concern for the right to use French language in any communication with the federal government. The approach to bilingualism may change; less emphasis may be placed on teaching senior civil servants to speak French in areas where it is not needed and more funds may be channeled into teaching the young in schools and colleges.

FUTURE PROBLEMS WITH MINORITIES

The real worry in Quebec today is not so much whether separatism becomes a geographic fact, but what is to become of the rights of the minorities who live in Quebec. Bill 22, the official language act, required the children of immigrants whose mother tongue was not English to attend French school; this provision was bitterly resented by those minority groups in Montreal who wanted their children to learn English first. Minor concessions were made before the election but these concessions are not necessarily assured, in spite of Lévesque's statement that minority rights will be respected. The P.Q. has announced that Bill 22 will be revised in February, 1977, and will provide that all children of immigrants, including those from Britain and the United States, must attend French-language schools.

Representatives of the P.Q., who talk so much about their rights as a French-Canadian minority in Canada, have not satisfied the minority in Quebec that they are any more concerned about their rights than the previous Liberal government. This fear is particularly acute in the minds of the non-French Canadian minority in Montreal. With 21 seats in the provincial assembly, Montreal is important. Unless the P.Q. can retain its strong base in Montreal, 14 seats, it is lost; if Montreal is to be retained then the minority of non French-Canadians must be reassured of their rights. In metropolitan Montreal, while 60 percent of the population is French-Canadian, there are large ethnic groups—

200,000 are Italian; 140,000 are Jewish; and nearly one-half million are of British ancestry. What is their future in Quebec? There is a new mood in Quebec, a new self-assurance on the part of the French-Canadians and a new uncertainty among all who are not part of this new French-Canadian nationalism. The shoe is on the other foot; instead of French-Canadians being dominated by the English the reverse is taking place. It is not enough that the English minority is assured by some of their French-Canadian friends that separatism is a "romantic dream." The fact is that while the P.Q. was elected to bring in responsible government and social reform, nevertheless it has the mandate to rule and will not be deflected from the creation of a "French State."

An indication of the attitude toward the English-speaking minority in Quebec was given at the opening of the National Assembly in Quebec on December 14, 1976, when the speech from the throne was read entirely in French, despite a long tradition of reading at least part of the speech in English. The omission signified a new attitude. Those who are not French-Canadian are already feeling uncomfortable in Quebec; immigrants coming to Quebec will either be assimilated with French-Canadians or leave the province. Many young Anglophones have decided they do not have the freedom of opportunity they once had in Quebec and are moving, some to Ontario and others to the rapidly developing cities in the west, such as Calgary or Vancouver.

It is significant that five weeks after the election, on December 21, René Lévesque told the National Assembly that the words "separatism" and "separation" have been permanently dropped from the vocabulary of his Parti Québécois government and that henceforth the P.Q. would refer to Québec "independence" or "sovereignty" when talking about the party's ultimate political objective for the province because these terms express a more positive concept.

A little over 100 years ago, when the United States faced the threat of separation and the breakup of the nation, it answered with the "terrible swift sword" of the Civil War. Canada will answer the threat not on the battlefield but in the ballot box, not only in Quebec but across the nation. The question may be asked: "Does Canada have a leader comparable to Lincoln, who has the resolution to face the test of strength and ensure the victory of a united nation?" Canada has such a leader, and he proved his mettle in the crisis of October, 1970, when there was a dangerous threat to peace and order not only in Quebec but across Canada. Prime Minister Pierre Elliott Trudeau is uniquely qualified by his heritage from a French-Canadian father and a Scottish mother to end the isolation of the two races, to defend the constitution, to preserve the unity of the country and to make it clear to the world that Canada, too, is a "nation indivisible." ■

CANADIAN WOMEN

(Continued from page 172)

Many of the recommendations to the provinces are now being given serious consideration, notably in regard to matrimonial property in the nine English-speaking provinces whose laws, like those of the federal government, are based on English common law. It required a Supreme Court decision to make complacent married women aware that on the dissolution of their marriage by separation or divorce they have a right only to the maintenance that the courts assign to them and that their husbands can disinherit them.

The RCSW recommended a matrimonial law similar to one in force since 1968 in the French-speaking Province of Quebec in accord with an amendment to its civil code, which is based on the Code Napoleon. According to this law, called "Partnership of Acquests," all property acquired after a marriage, except by gift or inheritance, must be divided equally between the spouses on the dissolution of the marriage by death, divorce or legal separation. Saskatchewan has now passed similar interim legislation until the report of the Law Reform Commission has been studied. Ontario, Canada's largest province, has introduced legislation that will give women a fairer share of property on the decision of a judge.

In spite of the changes in laws and attitudes since the RCSW reported, women remain outside the policy-making power structure in politics. In 1972, only nine women were elected to the House of Commons which has 264 members. Only five women sit in the 102-member Senate. (In Canada, senators are appointed by the Prime Minister and serve until compulsory retirement at the age of 75.) Women remain outside of the government's power structure. Although there are three women in the federal Cabinet, only two women hold deputy minister rank, only one woman is an assistant deputy minister (in Canada a deputy minister is the same as an under secretary in the United States) and only two percent of senior administrative officers in the public service are women.

Women remain outside the power structure in business and industry. Thirty-four percent of those in the labor force are women, but only 4.2 percent of them are in management. Women still receive less pay than men for similar work, although all but one of the provinces have equal pay legislation and the federal government and the large industrialized province of Ontario introduced such laws 20 years ago. According to recent census figures, in half of 54 manufacturing, service and clerical categories the gap between the wages and salaries of women and men has been widening over a 10-year period.

The federal government earmarked \$5 million to promote International Women's Year, with its aim of achieving "Equality, Development and Peace." A large

variety of projects were undertaken in every part of the country. Many conferences were held. Such efforts are useful, but they do not tackle the essential problem: although in Canada women are numerically about equal to men, they remain a psychological, economic and sociological minority.

Great progress has been made, but women do not yet enjoy equal status and opportunity. Growing confusion over the oil crisis, the pollution of the environment and the stagflation syndrome may delay the continuing process of awareness of the needs of women. Renewed efforts at all levels of Canadian society are needed to carry on the forward thrust of the last decade. ■

CANADA AND THE UNITED STATES (Continued from page 149)

tiations and energy. The provinces must be regarded as independent variables in many negotiations with Canada.

But it is Quebec, especially since the 1976 provincial election, that may have the most impact on Canada's special relationship with the United States. Quebec's separation from the rest of Canada would have profound implications for American relations with Canada, especially until the nature of the new regime were demonstrated. And if Quebec's departure unloosed the ties that bind the rest of the nation together, as *The Economist* put it, "the United States will have a sort of Caribbean to its north as well as the Caribbean it already has to the south,"³⁶ with all that implies in terms of the difficulty of dealing with small, competing and weak new nations.

More than any other factor, the failure of most Americans to know and appreciate their northern neighbor may affect the special relationship between the two countries:

[The American] impression of Canada, based on hearsay, television, snips of information about Canada from the media, some novels or short stories, and a general feeling that the "Canadians are like us"—and therefore good people—is one of ignorant friendliness.³⁷

There is nothing inherently bad about such a situation; indeed, as Willis Armstrong concludes, "Perhaps ignorant good will is the most desirable attitude for a public regarding a neighboring country."³⁸ But these awkward years for Canada call for greater tolerance and understanding. As Secretary of State for External Affairs Allan J. MacEachen reminded Americans in August, 1976:

as a people who this year are celebrating the Bicentennial of your

³⁶*The Economist* (London), November 20, 1975, p. 15.

³⁷Armstrong, *op. cit.*, p. 3.

³⁸*Ibid.*

³⁹MacEachen, "New Balance Sought . . .," p. 2.

revolutionary experience, and who are reaffirming the ideals with which you have shaped your own nation, [we hope] that Americans, above all our friends, can respect and appreciate why Canadians are concerned to give due attention to their own evolving national priorities.

It does not seem warranted to take the position that our bilateral relations [should be] somehow less successful because of Canada's efforts to achieve national goals that Americans take for granted. . . .

The active assertion of national will in both nations requires that we acknowledge the legitimate aspirations and interests of the other, that we recognize the changes that are taking place in Canada and the United States, and that we take into account the fundamental desire of Canadians and Americans that their relations, at bedrock, be mutually beneficial. [For it] really goes without saying, it is unrealistic to conclude that Canada would acquiesce in what it regarded as a decline in its relations with the United States.³⁹

Indeed, both Canada and the United States are challenged as they have not been before. Both countries have demonstrated over time their willingness and ability to work together to achieve little goals. They should also be able to collaborate in attaining larger goals. Together, the United States and Canada can make a far greater contribution in seeking solutions to global problems than either can make alone. Ultimately, the objective of both countries, and of their special relationship, is to strengthen the peace and security of the world in which they live. ■

CANADA'S FOREIGN POLICY (Continued from page 153)

East European and Ukrainian extraction seemed especially upset, and in the 1972 general election they tended to support Conservative candidates.

Official relations with China were established in 1970, when Canada officially "recognized" the government of the People's Republic as the only legal government of China. During the summer olympics in 1976 in Montreal, a diplomatic incident was caused when Canada refused to allow the Taiwanese to claim they were representing China. Taiwan chose to withdraw from the games and to leave Canada rather than alter her position. Today, because of continuing wheat sales and exports of chemical fertilizers, iron and steel, forest products, specialized machinery and other equipment, China is Canada's sixth most important customer.

The Canadian government has expressed extensive concern with foreign policy and trade in recent years and has attempted to redirect its efforts, to alter some of its dependence on the United States. Nonetheless, the balance sheet in terms of trade—a useful indicator of international relations—appears relatively unchanged. In fact, as Table 1 indicates, Canada continues to be heavily involved with the United States in terms of both exports and imports. While it is probably too soon to evaluate the impact of the agreement with

TABLE 1: Percentage of Canadian Trade with the United States, Britain and the Rest of the World

	United States		Britain		Rest of World	
	Exports to	Imports from	Exports to	Imports from	Exports to	Imports from
1900	28	57	60	27	12	16
1929	38	67	35	16	27	17
1950	51	71	21	11	28	18
1961	54	67	16	11	31	22
1966	60	72	11	7	29	21
1971	67	70	8	5	25	25
1974	66	67	6	4	29	29

the European Community, one point is evident: trade with Britain has declined substantially over the years as the historic relationship between Canada and Britain continues to diminish.

One final comment: 1976 may well be the last noteworthy year in external affairs for Canada for some time. It is unlikely that Canada will embark on new foreign policy initiatives at least for the next few years; the administration is clearly preoccupied with the threat posed to its integrity by the separatist government newly installed in Quebec. ■

THE CANADIAN MILITARY

(Continued from page 175)

pleted projects have been extremely expensive; the four DDH 280 helicopter destroyers cost \$260 million as compared with the 1965 estimate of \$142 million.

By early 1975, the problem of replacing obsolete equipment had become acute. The projected cost of the long-range maritime patrol aircraft to replace the Argus was reported to be running in the neighborhood of close to \$1 billion. In addition the Defence Department faced an outlay of funds for a new communications system, a fleet of new trucks, the purchase of an anti-armor missile (TOW), a surface-to-air missile (BLOW-PIPE), helicopter improvements, and base construction programs. These demands on the budget exceeded existing capital allocations. At the same time, major capital expenditures would have to be made available for the replacement of Canada's aging interceptor aircraft, the CF-101 and CF-104, as well as for a ship replacement program.

These considerations suggested that some hard-nosed decisions were required if an effective combat capability were to be retained. In 1975, the author argued⁹ that distinctions should be drawn between those areas that were essential for the retention of a combat capability and those that were nonessential. For example, the continuation of the NATO CF-104 role seemed less important than maintaining armor support

for the land element, if Canadian air defense were retained as a priority. In addition, it was difficult to understand the decision to retain the CF-5 ground support capability in Canada because it was militarily credible only in the European context. In other words, a number of anomalies existed between defense priorities and the equipment held by the armed forces; one way out of the dilemma in 1975 was to make a realistic appraisal of essential military requirements and roles. In effect, this constituted a rather pessimistic assessment of the future evolution and direction of the Canadian military. As of early 1977, the main constraints affecting the Canadian defense sector from the socio-political, organization-structural and technological perspective still exist. However, the prognosis of early 1975 may be incorrect; the Trudeau administration has apparently reassessed its position on defense.

Basically, the changed mood in government circles is related to several factors: changes in the international environment, changed perceptions of the importance of Canadian defense, and changing internal politics.

To some extent, Canadian perceptions of the international system have changed. *Defence in the 70's* assumed a relatively benign and stable system that would allow Canada to achieve foreign policy objectives in an environment that assumed decreased emphasis on force and military establishments. By early 1977, it was clear to many Canadians that the international system had become less stable. The 1973 Middle East War, the oil embargo, and the continuing high price of energy products have contributed to a degree of uncertainty in the world. Excessively high rates of inflation, coupled with high unemployment and low productivity in many industrialized countries, have had their impact. At the same time, the demands of third world countries for a new international economic order and disagreements with respect to law of the sea cannot be disregarded. All these factors point to a greater dispersion of political and economic power. There is also dissatisfaction with the process and progress of détente, and it is not at all clear that NATO's twin policies of détente and defense have produced the desired results. While there have been some signs that positive benefits can result from détente, East-West tensions have continued at the political and military levels as political

⁹Byers, "The Canadian Military and the Use of Force," *ibid.*

competition between East and West has shifted from Asia and the Middle East to Africa.

The most obvious change in a military-strategic context has been the continuing Soviet military buildup—both nuclear and conventional—with some commentators arguing that the Soviet Union is attempting to achieve a posture of superiority vis-à-vis the United States and NATO. There is no disagreement that the Soviet Union has deployed more ICBM and SLBM launchers than the United States, although the latter still maintains more operational long-range bombers. In terms of equivalent megatonnage, as well as missile throw-weight, the Soviet Union has a decided advantage over the United States, although the latter has approximately 8,500 deliverable strategic warheads compared to 3,250 for the Soviet Union. This measurement of the strategic nuclear balance reflects the current United States deployment pattern for MIRV's, but this measurement will shift as the Soviet Union continues to deploy a larger number of MIRVed systems.

In the European region, there has been a steady military buildup by the Warsaw Pact, although negotiations have been under way for mutual force reductions. In quantitative terms, the military balance continues to swing in favor of the Warsaw Pact; NATO is outnumbered by every measure (manpower, 635,000 to 910,000; number of tanks, 7,000 to 19,000; number of tactical aircraft, 2,085 to 4,100) except tactical nuclear weapons (7,000 to 3,500).¹⁰ Of even greater significance are current estimates that NATO's generally acknowledged qualitative advantages are being steadily eroded by Soviet technological advances. Senior military personnel claim it is no longer clear that NATO has the conventional capability to withstand an attack through the central front. This situation, coupled with the expansion of Soviet sea power, gives the impression of a more threatening Soviet posture in 1977.

These developments were not anticipated earlier in the decade, and a number of Canadian senior military personnel and politicians have argued the need for increased defense expenditures to cope with the changed Soviet threat. While one can dispute some implications of recent Soviet military developments, this factor has encouraged the supporters of increased military preparedness. For example, on numerous occasions the Maritime Commander, Vice Admiral D. S. Boyle, has called attention to the need to counter the Soviet threat.¹¹

¹⁰The data in this paragraph is drawn from *The Military Balance, 1976-77* (London: The International Institute for Strategic Studies). Data for southern Europe has been excluded from this analysis.

¹¹See *Maclean's*, February 7, 1977, p. 26.

¹²Canada, House of Commons, *Standing Committee on External Affairs and National Defence*, March 23, 1976.

¹³Address to the Conference of Defence Associations, January 13, 1977.

In addition to these changes in the international environment, Canadian foreign and defense policy has shifted since the early 1970's. With the October, 1972, publication of a policy paper on Canadian-American relations, the Trudeau administration advocated the pursuit of what has become known as the "third option": that is, adopting policies that will increase and enhance Canada's independence from the United States in all spheres of activity. The pursuit of the third option has seen fruition in a number of areas, the most important of which is the formalization of a contractual link with the European Common Market. However, in the process of negotiating a contractual link, NATO re-emerged as the preeminent area of defense activity. During negotiations, Canada's allies, particularly West Germany, underlined the importance of Canadian participation in NATO and made it clear that unless the government was willing to upgrade its NATO contribution—at least qualitatively—the possibility of ensuring a contractual link would be less likely.

To some extent, the desirability of a contractual link coincided with the reduced combat capability of Canada's NATO contingent. This was particularly true in the case of the land environment, because Canada's Centurion tank of World War II vintage had long outlived its operational effectiveness. Similarly, the Canadian land forces were not equipped with first-generation, precision-guided munitions, which put them at a disadvantage vis-à-vis their NATO allies, as well as possible opponents in the Warsaw Pact.

These political and military factors tended to push the government toward greater emphasis on NATO. For example on March 23, 1976, the then Minister of National Defence, James Richardson, made the following statement:¹²

I start with what I think is our central objective, which is for Canada to play its part with our NATO partners in achieving international stability. I think that is what we are really trying to do, and there is only one way that I know of in today's world that we can help to achieve international stability and that is by a balance of military force. We are all familiar with the growth of military capability of the Soviet Union and the Warsaw Pact countries, a military capability far beyond their defence requirement. We believe, with our NATO partners, that our main job is to deter attack; to have a defensive capability, a fighting capability that is strong enough to prevent the start of war. That is our central purpose, and to do that we have to have the equipment that will enable the Canadian Armed Forces to have a fighting capability.

The current Defence Minister, Barney Danson, has adopted a similar view. In early January, 1977, the minister noted that with respect to Canadian defense priorities

the first three, sovereignty, North American Defence and NATO are almost inseparable. We can't have a free North America without a free Western Europe, and Western Europe cannot be free without a free North America. NATO is a key element. It is our deterrent, our way of letting the Soviets know that we will not allow them easy access to Europe. They must know that we are united, determined and strong.¹³

The changed perceptions in Canadian decisionmaking circles, and the dawning of a more active NATO role, coincided with a financial crisis in the Defence Department. Although it was announced in October, 1973, that the defense budget would be augmented by 7 percent per annum for a 5-year period, the department had to curtail operational activities by approximately 30 percent in the fall of 1974 in order to remain within the budget. Operational semblance was reinstituted only when the Cabinet authorized supplementary allocations of \$275 million and at the same time initiated steps for a Defence Structure Review. In late 1975, the Minister of Defence informed the House of Commons that after the 1976 fiscal year the capital expenditure component of the budget would "be increased, in real terms, by 12 percent each year for five years until capital expenditures reached at least 20 percent of the total budget."¹⁴

This constituted a major breakthrough, because planning and purchasing of new equipment could be placed on a more rational basis. At the same time, the minister reaffirmed that the priorities of the 1971 white paper would be retained as the four major areas of defense activity. The changed funding formula would be computed from an initial base of \$470 million, which would mean that the capital budget would increase from this base each year by 12 percent plus the inflation factor. At the present moment, the Defence Structure Review has undertaken an examination of the force levels that are required to meet the tasks assigned by the government. According to statements by the Chief of Defence Staff, it seems clear that he will recommend to the Cabinet that manpower be augmented by at least 4,000 personnel, in order to avoid the worst features of multi-tasking and to meet the formal commitments laid down by the government.¹⁵

Changes in the funding formula for capital equipment have allowed the armed forces to proceed in a number of areas and to make decisions that should allow for qualitative changes in military capability. Most significant has been the decision to purchase 18 Lockheed P-3C Orion long-range patrol aircraft at a cost of \$1.1 billion. The Orion—now dubbed Aurora—will be equipped with some of the most sophisticated antisubmarine warfare sensors available and will serve as a replacement for the existing Argus maritime patrol aircraft. While the role of the Aurora will be multi-varied, its primary task seems to be that of ASW within the NATO context.¹⁶

An equally significant decision was taken in the fall

of 1976, when the government announced the purchase of 128 Leopard C1 main battle tanks from West Germany at a cost of some \$210 million. The Leopard will replace the Centurion and will enable Canada to make some contribution to the NATO land contingent in Europe. This purchase can be linked to the political objectives related to the third option and constitutes an abrupt reversal of earlier government statements. The acquisitions of the TOW anti-tank system and the BLOWPIPE surface-to-air system will strengthen the capability of the Canadian land forces. Furthermore, the government has just announced a \$90 million contract to purchase 350 armed scout vehicles for the land forces.

The major costs in the foreseeable future will be the purchase of advanced interceptor aircraft to replace the aging CF-101's and CF-104's. Estimates for this program have been as high as \$2.7 billion. However, it is not clear that a new fighter aircraft should be given precedent over a ship replacement program; Canada's maritime forces are at a level where their ability to exercise adequate surveillance and control over a 200-mile economic zone is in serious doubt. The priority that should be attached to the purchase of these major systems should be publicly discussed prior to actual acquisition.

The changes in terms of attitudes towards defense issues and the decisions that have been made with regard to allocation of funding for capital equipment suggest a somewhat changed mood in government circles. On balance, it would appear that Canada is now in a position to retain an adequate level of combat capability. Nevertheless, it is not at all clear that the decisions to purchase certain types of equipment are proceeding from any rational or coherent overall perspective. The reemergence of NATO has tended to make the 1971 white paper obsolete for purposes of planning and equipment acquisition. To some extent, senior officials in Ottawa seem to be proceeding on an ad hoc basis without placing the new funding resources within any overall plan to link new equipment purchases with overall defense requirements. Thus, Canada may find herself in the position of having acquired sophisticated and expensive equipment that may not meet her military requirements five years from now.

Is Canada purchasing the right equipment, for the right place, and at the right time? The lack of a comprehensive, up-to-date government policy statement is hindering an analysis of the types of equipment that should be purchased. Furthermore, the technological changes that are continuing at an ever increasing rate, particularly with respect to CRUISE missiles and precision-guided munitions, may place the armed forces in a position where military effectiveness and operational capabilities will be adversely affected. Based on past experience, it is not at all clear that this problem will be solved. ■

¹⁴Canada, House of Commons, *Debates*, November 27, 1975.

¹⁵Address to the Conference of Defence Associations, January 13, 1977.

¹⁶For a critical discussion of the anti-submarine warfare situation see R. B. Byers, "Canadian Defence: The ASW Dilemma," *Survival*, vol. 18, no. 4 (1976), pp. 154-161.

THE MONTH IN REVIEW

A Current History chronology covering the most important events of February, 1977, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Association of Southeast Asian Nations

Feb. 24—At a 1-day conference in Manila, the foreign ministers of the 5 members of the Association of Southeast Asian Nations—Singapore, Malaysia, Indonesia, Thailand and the Philippines—sign a preferential trade agreement.

European Economic Community

(See also *U.S., Foreign Policy*)

Feb. 16—The U.S.S.R. and the European Economic Community (Common Market) open negotiations in Brussels over fishing rights within each other's zones; this is the 1st time that the U.S.S.R. has been willing to negotiate with the market as a unit rather than with the individual countries.

Middle East

(See also *U.N.; U.S., Foreign Policy*)

Feb. 17—In a joint press conference with U.S. Secretary of State Cyrus R. Vance in Cairo, Egyptian President Anwar Sadat says that the Palestinians should form "an official and declared link" with Jordan before a conference on the Middle East begins.

Feb. 23—At the conclusion of the 1st formal negotiations between Jordan and the Palestine Liberation Organization since 1970, it is announced that they agree "in principle" on the need for strong relations between Jordan and a proposed Palestinian state that would include the West Bank of the Jordan River and the Gaza Strip.

Feb. 28—Following 2 days of talks in Khartoum, Sudanese President Gaafar al-Nimeiry, Egyptian President Anwar Sadat and Syrian President Hafez al-Assad agree to have Sudan join the loose political alliance between Egypt and Syria to coordinate a policy toward Israel.

Organization of African Unity (OAU)

Feb. 25—Morocco suspends all participation in the OAU to protest charges that Moroccans were involved in an attempted coup in Benin on January 16.

United Nations

(See also *Benin; Cyprus*)

Feb. 2—Called by the United Nations to conclude a

treaty to protect asylum-seeking refugees, a 92-nation conference in Geneva agrees to end its 4-week session on February 4 without reaching any agreement.

Secretary General Kurt Waldheim arrives in Cairo to begin his 10-day Middle East trip.

Feb. 7—Secretary General Waldheim arrives in Beirut, Lebanon, after conferring in Saudi Arabia and Syria.

Feb. 10—Secretary General Waldheim meets with Israeli leaders in Jerusalem.

Feb. 13—Waldheim returns to Geneva after meeting with leaders of 6 Middle East countries and with Yasir Arafat, Palestine Liberation Organization leader; at a news conference, Waldheim says that no progress toward a new Geneva conference has been made.

ALGERIA

Feb. 25—In parliamentary elections held today, voter turnout is reported below 90 percent. Algeria has a one-party system.

BANGLADESH

Feb. 24—In Dacca, former President Khandaker Moshtaque is convicted of corruption and abuse of official power and is sentenced to 5 years in prison.

BENIN

Feb. 4—Government officials ask the U.N. to send a fact-finding mission to investigate a raid by unidentified airborne mercenaries on January 16.

BOTSWANA

(See *Rhodesia*)

CANADA

(See *U.S., Foreign Policy*)

Feb. 15—Under the new immigration law, Canadian citizens are no longer "British subjects"; they are now "citizens of the Commonwealth" and Canadian citizens. British citizens must now apply for citizenship.

CHINA

Feb. 1—Visitors to Canton report seeing wall posters proposing major economic and social reforms.

Feb. 7—The official press agency, Hsinhua, announces the beginning of 4 conferences in Peking on military planning and production.

- Feb. 14—In Peking, Communist party officials appoint An Ping-sheng as party chief for Yunnan Province; An Ping-sheng was formerly Kwangsi Province chief.
- Feb. 26—Hsinhua announces a new program adopted by Chairman Hua Kuo-feng to overhaul the military along the lines of a newly formed model unit.

CUBA

(See U.S., Foreign Policy)

- Feb. 4—In Washington, D.C., the U.S. State Department says that Premier Fidel Castro's government has indicated that it wishes to discuss the recent U.S. extension of its fishing limits to 200 miles off the coast.
- Feb. 28—Cuba, 90 miles from the coast of the Florida Keys, extends her fishing waters to 200 miles.

CYPRUS

(See also U.S., Foreign Policy)

- Feb. 4—Police authorities charge 6 men with killing U.S. Ambassador Roger P. Davies and his secretary 2½ years ago.
- Feb. 12—In Nicosia, U.N. Secretary General Kurt Waldheim meets with Cyprus President Archbishop Makarios, and Rauf Denktash, Turkish Cypriote leader. The 2 Cypriote leaders agree to begin talks on the Cyprus problem.

CZECHOSLOVAKIA

- Feb. 10—A spokesman for the Foreign Ministry says that Charter 77, a document supporting human rights signed by Czechs and published in West European newspapers in January, was instigated abroad; he accuses Western newspaper reporters of meddling in domestic Czech concerns.
- Feb. 13—*New York Times* correspondent Paul Hoffmann is forcibly removed from a Prague-Vienna express train and detained for 2 hours in a Czech border town.
- Feb. 25—A statement issued by the Czech embassies in West Europe claims that the manifesto published by Charter 77 was "unconstitutional."

DENMARK

- Feb. 15—General elections are held for the 179 parliamentary seats.
- Feb. 16—Election returns give Prime Minister Anker Jorgensen's Social Democratic party 65 seats, a gain of 11 seats.

EGYPT

(See also Intl, Middle East; U.S., Foreign Policy)

- Feb. 3—In reaction to the food riots two weeks ago, President Anwar Sadat bans a wide range of political actions. Violators of the law and order measures will receive life terms at hard labor.
- Feb. 11—The government announces that 99.4 percent

of the electorate in yesterday's referendum approved the political prohibitions announced by President Sadat.

- Feb. 14—Kamal Eddin Hussein, a former Vice President, is voted out of the National Assembly because he opposed President Sadat's recent political measures.
- Feb. 19—An article in *Pravda*, the official Soviet newspaper, accuses President Anwar Sadat of spreading "lies, slander and falsification" about the Soviet role in Egypt and the Middle East. President Sadat's memoirs are being published in Egypt.
- Feb. 24—In Cairo, it is announced that Saudi Arabia, Kuwait, Qatar and the United Arab Emirates have agreed to give Egypt \$1 billion in economic aid.
- Feb. 27—In a televised interview, President Sadat says that the Soviets will provide Egypt with 50 refurbished MIG-21 fighter planes.

EL SALVADOR

- Feb. 20—Presidential elections are held. Colonel Ernesto Claramount, the candidate of the National Opposition Union, is running against General Carlos Humberto Romero, the candidate of the ruling rightist National Conciliation party.
- Feb. 21—Early election returns show General Romero winning by a 3-to-2 margin over his opponent, Colonel Claramount.

ETHIOPIA

- Feb. 3—In Addis Ababa, Chief of State Brigadier General Tafari Banti and 6 other government officials are killed following a shooting in the council headquarters.
- The government radio reports that General Banti and the other 6 officials were shot to death because they attempted a coup against the government.
- Feb. 6—In Addis Ababa, it is reported that Lieutenant Colonel Mengistu Haile Mariam will become head of state and Colonel Atnafu Abate will head military operations.
- Feb. 11—Lieutenant Colonel Mariam is named head of state.
- Feb. 25—In Addis Ababa, gunmen killed Ato Tewodros Bekele, chief officer of the trade union federation.

INDIA

- Feb. 2—Agriculture Minister Jagjivan Ram, a one-time supporter of Prime Minister Indira Gandhi's and a Cabinet member for 30 years, resigns from the Cabinet and from the Congress party. He claims that the government has created a "fear psychosis [that] has overtaken the whole nation."
- Feb. 6—In their first joint public appearance, opposition leader Jaya Prakash Narayan and former Cabinet minister Jagjivan Ram address a crowd of over 100,000 in New Delhi.

Feb. 11—President Fakhruddin Ali Ahmed dies of a heart attack at the age of 71. Vice President B.D. Jatti is sworn in as acting President.

Feb. 13—Vijaya Lakshmi Pandit, a sister of the late Jawaharlal Nehru's and an aunt of Prime Minister Gandhi's, announces that she will join the opposition and work against the government in the upcoming March elections.

Feb. 15—Sanjay Gandhi, the Prime Minister's son, is nominated by the Congress party to run for a seat in Parliament.

Feb. 21—A newly formed political party, the Congress for Democracy, made up of members of the Congress party who have defected, presents its platform in anticipation of the March 16 parliamentary elections. The new party is campaigning in cooperation with the opposition party, the Janata party.

INDONESIA

(See also *U.S., Administration*)

Feb. 3—The government orders an inquiry into bribery and kickback charges aimed at officials involved in the \$61-million satellite-communication network being built along the chain of Indonesian islands.

IRAN

Feb. 20—A record \$49.5-billion budget for 1977 is presented to Parliament; it calls for a \$2-billion reduction over last year's budget in military spending.

ISRAEL

(See also *Lebanon; U.S., Foreign Policy*)

Feb. 4—In Geneva, Prime Minister Yitzhak Rabin confers with Ivory Coast President Félix Houphouët-Boigny.

Feb. 14—A high ranking Labor party official, Asher Yadlin, changes his plea to guilty on charges of corruption and of receiving real estate kickbacks that he deposited in the Labor party's 1973 campaign fund. Yadlin recently withdrew his name from nomination as governor of the Bank of Israel.

Feb. 17—In Washington, D.C., White House press secretary Jody Powell says that the sale of concussion bombs (CBU-72's) to Israel has been cancelled.

Feb. 23—As its candidate in the May elections, the Labor party nominates Prime Minister Yitzhak Rabin for a 2d term as head of the government. He defeats Defense Minister Shimon Peres by 41 votes.

Feb. 24—Prime Minister Rabin says that he will include Defense Minister Peres in his Cabinet if the Labor party is reelected.

ITALY

Feb. 4—Government officials announce an increase in the sales tax in order to raise \$1.6 billion in new income.

JORDAN

(See also *U.S., Foreign Policy*)

Feb. 9—Queen Alia, King Hussein's wife, is killed in a helicopter crash.

KENYA

(See *Tanzania*)

KOREA, REPUBLIC OF (SOUTH)

Feb. 10—President Park Chung Hee announces plans to build a new capital city 60 miles south of Seoul.

Feb. 12—Representative Hong Pyong Chol, a member of the National Assembly, is arrested and charged with accepting \$10,000 from an importer in exchange for favorable government treatment.

LEBANON

Feb. 2—In Damascus, Syria, Lebanese President Elias Sarkis meets with Syrian President Hafez al-Assad to work out a coordinated policy for southern Lebanon.

Feb. 11—For the 2d day, heavy fighting is reported between Syrians in the Arab peacekeeping force and Palestinian guerrillas in the southern outskirts of Beirut.

Feb. 15—Following protests by Israel, Syrian troops withdraw from the southern Lebanese area of Nabatiye, 9 miles from Israel's border.

Feb. 19—Renewed fighting breaks out between right-wing Christians and Muslims in southern Lebanon.

Feb. 26—Palestinian guerrillas agree to withdraw from southern Lebanon in exchange for a promise that the Arab peacekeeping forces will not attack Palestinian refugee camps in Beirut.

MEXICO

(See *U.S., Foreign Policy*)

Feb. 13—President José López Portillo leaves Mexico City for a 4-day official visit to the U.S.

Feb. 14—President López Portillo meets with U.S. President Jimmy Carter in Washington, D.C.

MOROCCO

(See also *Intl, OAU*)

Feb. 15—In Casablanca, a court sentences 176 leftists to jail sentences for their part in a plot to overthrow King Hassan.

NICARAGUA

Feb. 26—In Managua, 110 people are convicted by a military court on charges that include murder, conspiring against the state, and complicity in the 1975 kidnapping of Foreign Minister Alejandro Montiel.

NIGERIA

(See *U.S., Foreign Policy*)

Feb. 7—Chief U.S. delegate to the U.N. Andrew Young arrives in Lagos for talks with Head of State Lieutenant General Olusegun Obasanjo.

PANAMA

Feb. 9—Foreign Minister Aquilino Boyd resigns his post; he is succeeded by ambassador to the U.S. Nicholas Gonzalez.

Feb. 13—In Panama, talks begin between the government and the U.S. on a new treaty for the Panama Canal.

PARAGUAY

Feb. 7—It is announced that President Alfredo Stroessner's Colorado party won 85 percent of the vote in yesterday's election. He has been President for 23 years.

PHILIPPINES

Feb. 18—Defense Secretary Juan Ponce Enrile says that 1,441 people are being detained for "crimes against national security." This is the first time the government has revealed a specific number of political prisoners.

POLAND

Feb. 4—The Council of State grants conditional pardons to all those convicted of rioting during the food crisis in June, 1976, if they "show repentance" and if authorities believe they will "not return to crime."

RHODESIA

(See also *South Africa; U.S., Foreign Policy*)

Feb. 1—In Gaborone, Botswana, the Botswana government claims that the 400 black schoolchildren who were brought into the country by nationalist guerrillas on January 30 were actually fleeing from harassment by the Rhodesian government.

The Rhodesian government claims that the 400 students who entered Botswana on January 30 were kidnapped by nationalist guerrillas.

Feb. 6—At their mission station 37 miles northeast of Salisbury, 7 white Roman Catholic missionaries are shot to death by black guerrillas.

Feb. 9—Rhodesian security forces kill 4 black guerrillas near the mission where 7 missionaries were killed earlier.

Feb. 13—Defense Minister Reginald Cowper resigns.

Feb. 19—Government security forces admit that a white police officer was killed in Botswana. This is the first time the government has admitted that troops have crossed the border.

Feb. 22—Reverend Tobias Chiginya is named a bishop in the Roman Catholic Church. He is the 2d black to be appointed bishop in Rhodesia.

Feb. 23—In formerly all-white areas, Prime Minister Ian Smith creates multiracial areas where blacks

may purchase businesses, farms, and factories. He abolishes legal racial segregation in hotels, restaurants and bars; however, owners may still choose to discriminate.

ROMANIA

Feb. 14—In Bucharest, 9 dissidents make public an appeal to the signers of the Helsinki accord asking for help in achieving human rights in Romania.

Feb. 17—It is reported that a number of human rights activists have been arrested. President Nicolae Ceausescu calls the dissidents traitors.

SIERRA LEONE

Feb. 2—President Siaka P. Stevens declares a state of emergency after fighting breaks out between pro-government demonstrators and students in Freetown. The students are demanding Stevens's resignation.

SOUTH AFRICA

Feb. 9—In Cape Town, Prime Minister John Vorster meets with Rhodesian Prime Minister Ian Smith for the 1st time in 5 months.

Feb. 10—In Pretoria, Roman Catholic bishops issue a statement denouncing the government's "social and political system of oppression"; they call for an investigation into the treatment of political prisoners.

Feb. 11—The Roman Catholic Church issues a "Declaration of Commitment" in which it outlines plans to assign black priests to white parishes.

Feb. 16—The Transvaal provincial government orders integrated Roman Catholic schools to expel their nonwhite students. The Church refuses.

Feb. 22—The Roman Catholic Church in Cape Town agrees to suspend the admission of nonwhites to its schools during negotiations between government and church officials.

SPAIN

Feb. 8—The government liberalizes the restrictive political-association law by eliminating the Cabinet's power to deny legality to a political party. The Communist party is expected to apply for legal recognition.

Feb. 9—In Madrid, it is announced that the government has established full diplomatic relations with the U.S.S.R.; relations were broken off during the Civil War. The government also reestablishes diplomatic relations with Hungary and Czechoslovakia.

Feb. 11—Lieutenant General Emilio Villaescusa and former Justice Minister Antonio Maria de Oriol y Urquijo are rescued from their kidnappers in separate incidents. They have been held prisoner for nearly 2 months.

Feb. 18—The Socialist Workers party achieves full legal status.

SRI LANKA

- Feb. 12—Prime Minister Sirimavo Bandaranaike recesses Parliament for 3 months.
Feb. 16—The state of emergency declared in 1971 ends.

SUDAN

- Feb. 9—President Gaafar al-Nimeiry asks outgoing Prime Minister Rashad el-Tahir to form a new Cabinet.

TANZANIA

- Feb. 3—In a dispute with Kenya over the collapse of the East African Airways joint venture, the government closes its border with Kenya.
Feb. 13—President Julius K. Nyerere replaces Prime Minister Rashidi Kawawa with Defense Minister Edward Sokoine. Kawawa is assigned to the post of Defense Minister.
Feb. 21—The official government newspaper accuses Ugandan President Idi Amin of personally killing Anglican Archbishop Janani Luwum.

UGANDA

(See also *Tanzania; U.S., Foreign Policy*)

- Feb. 16—In Kampala, Uganda radio reports the arrests of the Anglican Archbishop of Uganda, Burundi, and Rwanda, Janani Luwum, and 2 government officials on charges of plotting to overthrow the government.
Uganda radio reports the deaths of Archbishop Luwum and the 2 government officials in an automobile accident as they attempted to escape after their arrest.
Feb. 18—The body of Archbishop Luwum is secretly buried by Ugandan authorities. The Archbishop's family has not been allowed to view the body.
Feb. 22—Government forces arrest members of several leftist groups including 8 Italians, the Spanish leader of the Guerrillas of Christ the King, and 2 others.
Feb. 23—President Amin admits that there was an attempted mutiny by soldiers February 19 and 22 in which 7 soldiers were killed.
Feb. 25—President Amin prohibits all Americans from leaving the country; he orders them to meet with him February 28. There are approximately 200 American citizens in Uganda, mostly missionaries.
Amin sends a letter to U.S. President Jimmy Carter suggesting that the U.S. solve its own human rights problems before interfering in Uganda.
Feb. 27—President Amin reschedules his visit with Americans working in Uganda until March 2. He invites representatives from the U.S. government to attend the meeting.
Feb. 28—President Amin postpones the meeting with Americans in Uganda. No future date is set.

U.S.S.R.

(See *Intl, EEC; Egypt; Spain; U.S., Foreign Policy*)

- Feb. 4—The Foreign Ministry orders Associated Press correspondent George A. Krinsky to leave the country within a week. Krinsky has been reporting the activities of Soviet dissidents.
Feb. 5—In an article in the Communist party newspaper, *Pravda*, Georgi A. Arbatov, the director of the Institute of U.S.A. and Canada Studies, says that the Soviet arms buildup is aimed at the achievement of military parity with the West and not superiority.
Feb. 7—A manned Soyuz spacecraft is launched for an attempted hookup with an orbiting space station. A similar attempt in October failed.
Feb. 10—Yuri Orlov, chairman of an unofficial watchdog committee monitoring Soviet compliance with the Helsinki accords, is arrested by Soviet police.
Feb. 12—An article in *Pravda* defends the Soviet attitude toward dissidents and denounces them as pawns of the West.
Feb. 17—Soviet dissident Andrei Sakharov reveals a letter from U.S. President Jimmy Carter assuring him of the U.S. government's commitment to human rights.

UNITED KINGDOM

Great Britain

- Feb. 8—Attorney General Sam Silkins admits before the European Court of Human Rights that the British government has tortured prisoners in Northern Ireland. Silkin promises to stop the torture.
Feb. 10—An industrial consortium completes arrangements for the sale of \$172-million worth of gas pumping equipment to the Soviet Union. This is the largest single export agreement in the country's history.
Feb. 15—Minister of State in the Foreign Office Ted Rowlands meets with officials in Argentina to renew talks on the Falkland Islands.
Feb. 17—In London, the Defense Ministry announces that the British military base on Masira Island, a sultanate of Oman in the Arabian Sea, will be closed by March 31, 1977.
Feb. 19—Foreign Secretary Anthony Crosland dies of a heart attack suffered earlier in the week.
Feb. 21—Prime Minister James Callaghan names 38-year-old David Owen to replace Anthony Crosland as Foreign Minister. Owen previously served as Minister of State in the Foreign Ministry.
Feb. 22—A government motion to curb debate on a bill granting limited self-rule for Scotland and Wales is rejected in Commons when more than 30 Laborites vote with the Opposition or abstain. The vote is 312 to 283 against the government.
Feb. 24—In parliamentary by-elections held today, the ruling Labor party loses its majority in the House

of Commons; it now holds 314 seats against a combined opposition total of 315 seats.

UNITED STATES

Administration

Feb. 2—In a letter to the Environmental Protection Agency, made public in Washington, D.C., today, Director of the Office of Management and Budget Thomas Bertram (Bert) Lance advises the agency that it will not receive additional funds in fiscal 1977, even to restore budget cuts made by President Gerald Ford.

The Securities and Exchange Commission charges that the Indonesian P.N. Pertamina oil company and its former head, Major General Ibnu Sutowo, pressured corporations doing business with the company to give it \$1.11 million to set up the Ramayan restaurant in New York City.

President Jimmy Carter names Washington lawyer Paul C. Warnke as director of the Arms Control and Disarmament Agency and as chief negotiator with the U.S.S.R. at the Strategic Arms Limitation Talks (SALT).

Speaking from the White House, President Carter promises to put "a ceiling on the number of people employed by federal government agencies so we can bring the growth of government under control." President Carter also promises a national energy policy, an economic stimulation package, "comprehensive tax reform," a reformed welfare policy, a "lean, efficient defense capability" and a foreign policy that will be concerned "about violations of human rights."

President Carter declares that Indiana has been given emergency aid status because continuing bitter cold weather has led to a natural gas shortage; sections of New York, Virginia, Maryland, Florida and Pennsylvania have already been declared eligible for federal disaster relief or have been given emergency status.

Feb. 4—According to the Justice Department, 104 damage claims totaling almost \$11 million have been filed against the government for damages resulting from the swine flu immunization program.

Feb. 5—The United States Court of Appeals for the Sixth Circuit in Knoxville, Tennessee, enjoins the Tennessee Valley Authority from completion of the Tellico Dam (90 percent completed), because the dam will destroy the only home of the 3-inch snail darter, a small fish on the Endangered Species Act list.

Feb. 6—The United States Postal Service reports an operating surplus of \$69.8 million for the last quarter of 1976, the second successive quarter with a surplus.

Feb. 7—President Carter nominates Admiral Stansfield Turner as director of the Central Intelligence Agency.

President Carter warns that "the American people should not be lulled into a sense of false security"

about the energy crisis despite the moderating winter weather.

Feb. 8—At a news conference in Washington, D.C., President Carter indicates that he will end the federal regulation of natural gas prices but will "make sure that oil and natural gas companies . . . don't derive unwarranted profits when we cut back on consumption and when we encourage production."

Secretary of Health, Education and Welfare Joseph A. Califano, Jr., recommends lifting the 7-week ban on swine flu vaccination for those in high risk groups (the elderly and chronically ill).

The Federal Election Commission recommends that Congress raise the spending limits imposed on candidates in the 1976 campaign "to a sufficiently high level to allow the candidates and the political parties to wage vigorous campaigns" in 1980.

Feb. 9—Treasury Department sources announce that President Carter will name Philadelphia tax lawyer Jerome Kurtz as Commissioner of the Internal Revenue Service to succeed Donald Alexander.

Feb. 10—The Justice Department reports that federal grand juries indicted 337 public officials on various charges in 1976; in 1970, only 63 were indicted.

White House press secretary Jody Powell reports that President Carter plans to recommend that tax credits be substituted for personal exemptions for taxpayers; in effect, this would benefit lower income taxpayers.

Powell also announces that on March 5 President Carter will take part in a 2-hour "call-in" radio show, live; the President is expected to answer about 40 calls at random from across the country on toll-free lines to the White House.

Feb. 11—In a memorandum to the civil rights division of the Department of Justice and to United States attorneys, Attorney General Griffin Bell says that in the future every case involving dual federal and state violations of civil rights laws "is to be evaluated on its own merits." Bell has ordered a federal grand jury inquiry into the slaying of chicano Richard Morales by Castroville, Texas, Police Chief Frank Hayes; under state prosecution, Hayes was found guilty of aggravated assault.

President Carter releases the details of the trust agreement under which his personal agricultural interests have been put under the control of trustee Charles Kirbo, who has been instructed to make sure that the trust's income will not be "substantially affected" by federal legislation.

Feb. 12—At a news briefing in Plains, Georgia, President Carter says he has finished revising President Gerald Ford's defense budget for fiscal 1978.

Feb. 13—In a televised interview, Federal Energy Administrator John F. O'Leary warns that his energy policy will include a plea for less heat in homes and increased gasoline prices to limit unnec-

essary driving.

Feb. 15—Sources in the Department of Health, Education and Welfare report that the department will propose a new agency within the department with authority to limit rising health care costs.

Feb. 16—White House press secretary Jody Powell reports that President Carter has sent messages to British Prime Minister James Callaghan and French President Valéry Giscard d'Estaing reaffirming the U.S. authorization of a 16-month trial of Concorde supersonic plane landings in this country although President Carter regards the authorization as a "mistake."

Feb. 17—United States district court Judge Jack Weinstein voids the government's August, 1976, sale of \$1.13 billion worth of oil and gas leases in the Atlantic Ocean. He delays implementation of the order to allow for an appeal.

Feb. 18—President Jimmy Carter withdraws President Gerald Ford's nomination of Malcolm Toon as ambassador to the U.S.S.R.

A Justice Department review of the murder of Martin Luther King, Jr., and its investigation by the Federal Bureau of Investigation concludes that the investigation was properly handled and that James Earl Ray, the convicted murderer, acted alone.

Officials of the Department of Housing and Urban Development say that in fiscal 1978 the federal government will spend \$4 billion to expand the Community Development Program; President Gerald Ford proposed spending \$3.5 billion, and \$3.2 billion was spent in fiscal 1977.

After a year-long study, the Nuclear Regulatory Commission concludes that the nation's 74 civilian-operated nuclear plants must strengthen their security regulations to prevent possible sabotage or the theft of plutonium.

Feb. 22—President Carter sends a revised budget to Congress for fiscal 1978; the deficit is projected at \$57.7 billion, \$10.7 billion more than President Ford's proposed budget; revisions will raise the fiscal 1977 budget by \$6.2 billion to \$417.4 billion and the fiscal 1978 budget by \$19.4 billion to \$459.4 billion.

Feb. 25—The members of President Carter's Cabinet issue financial disclosure statements that list their holdings but not their individual net worth.

Civil Rights

Feb. 1—In Nashville, Tennessee, U.S. district court Judge Frank Gray, Jr., orders the predominately white Nashville campus of the University of Tennessee to merge with the predominately black Tennessee State University by July 1, 1980; this is the first time an order to merge two institutions of higher learning has been issued.

Feb. 12—California Governor Edmund Brown, Jr.,

appoints Rose E. Bird as chief justice of the California Supreme Court.

Feb. 20—Bruce Edwards, minister at the Plains Baptist Church where President Jimmy Carter was a member until recently, is forced to resign because of criticism about his efforts to integrate the church.

Economy

Feb. 4—The Department of Labor reports that the nation's unemployment rate fell to 7.3 percent in January.

Feb. 11—The Commerce Department reports that retail sales for January, 1977, were \$56.6 billion, down 2 percent from December and the first drop in 4 months.

The Labor Department reports a rise in the wholesale price index of 0.5 percent in January.

Feb. 18—The Labor Department reports a rise in the consumer price index of 0.8 percent in January; in the last 4 months of 1976, the index only rose 0.3 percent per month.

Feb. 28—The Commerce Department announces that the composite index of leading economic indicators fell 1.2 percent in January.

The Labor Department reports that the January trade deficit of \$1.67 billion was the largest trade deficit on record.

Foreign Policy

(See also *Nigeria; Panama*)

Feb. 1—President Jimmy Carter and Soviet Ambassador to the U.S. Anatoly Dobrynin meet in the White House to discuss arms limitation; the President tells Dobrynin that the U.S. will continue to support its commitments to human rights throughout the world.

President Carter informs Congress that the U.S. will add \$190 million in aid funds to a commodity import loan of \$250 million to help Egypt through her present economic crisis.

Vice President Walter Mondale returns to Washington, D.C., after a 9-day, 22,000-mile trip to Europe and Japan to explain President Carter's foreign policy position.

Feb. 3—U.S. chief delegate to the United Nations Andrew Young arrives in Zanzibar, Tanzania, to begin a 10-day African tour.

The State Department says that the U.S. hopes "to be able to discuss" means to renew the 1973 anti-hijacking pact between the U.S. and Cuba, which is scheduled to expire April 15.

Feb. 4—President Carter names Ambassador to Algeria Richard B. Parker as Ambassador to Lebanon, succeeding the murdered Francis Meloy, Jr.

Feb. 5—The Department of State orders Vladimir Alekseyev of the Washington bureau of Tass (the Soviet press agency) to leave the U.S. within a week; this action is taken in retaliation for the Soviet

Union's order to George Krinsky, an Associated Press correspondent, to leave the U.S.S.R. within a week.

Feb. 7—The State Department blocks the Israeli sale to Ecuador of 24 Kfir fighter-bombers; Israel needs U.S. permission for the sale because the planes use U.S. General Electric J-79 engines.

Chief U.S. delegate to the U.N. Andrew Young arrives in Nigeria to talk to Nigerian officials about the racial problems of South Africa.

Feb. 8—In a news conference, President Carter proposes an early agreement with the U.S.S.R. on a ceiling for strategic arms and suggests deferring questions on Soviet bombers and U.S. cruise missiles; he also asks for a halt in the underground testing of nuclear missiles.

Feb. 10—Appearing before the Senate Foreign Relations Subcommittee on African Affairs, Secretary of State Cyrus Vance urges Congress to repeal the Byrd amendment that permits the U.S. to import Rhodesian chrome in spite of U.N. sanctions.

Feb. 11—Andrew Young arrives in London to confer with Ivor Richard, chairman of the Geneva conference on Rhodesia.

Feb. 13—President Carter's mother Lillian heads the U.S. mission to the funeral of Indian President Fakhruddin Ali Ahmed in New Delhi, India.

Feb. 15—The U.S. and the European Economic Community sign an agreement recognizing the 200-mile coastal fishing zone recently established by the U.S.

Secretary of State Cyrus Vance arrives in Israel in a "quest for peace."

Feb. 16—Speaking at a joint news conference with Israeli Foreign Minister Yigal Allon, Secretary of State Vance says that as long as the Palestine Liberation Organization (PLO) "refuses to accept Security Council resolutions" that recognize Israel's right to exist, the PLO should not participate in a conference on the Middle East.

In a question and answer session at the Department of Agriculture, President Carter says, "We've received information from indirect sources that Castro and Cuba have promised to remove those troops [from Angola], and that would be a step toward full normalization of relations with Angola. The same applies ultimately to . . . Cuba."

Feb. 17—Special U.S. envoy Clark Clifford arrives in Athens to try to ease tensions between Greece and Turkey because of the problem of Cyprus.

Soviet Ambassador Anatoly Dobrynin calls on Acting Secretary of State Arthur Hartman to express the displeasure of the Soviet government with U.S. statements on human rights in the Soviet Union, including the February 5 letter of encouragement from President Jimmy Carter to Soviet dissident Andrei Sakharov.

Feb. 18—White House press secretary Jody Powell

denies that the President tried to interfere in the internal affairs of the Soviet Union in his February 5 letter to Sakharov.

The *Washington Post* reports that the Central Intelligence Agency has been making secret payments to King Hussein of Jordan for 20 years. Reliable sources report that President Carter has ordered the payments halted.

Feb. 20—Secretary Vance arrives in Damascus, Syria, on his 6-nation, 1-week trip to the Middle East; Vance has visited Israel, Egypt, Lebanon, Jordan, Saudi Arabia and Syria.

Feb. 21—Clifford talks with Turkish leaders in Ankara.

Preparing to return to the U.S. from Syria, Vance says there is a "difficult road ahead," although both Arabs and Israelis have expressed a deep desire for peace.

Canadian Prime Minister Pierre Elliott Trudeau arrives in Washington for 2 days of talks with President Jimmy Carter and other U.S. officials.

Feb. 22—Clark Clifford concludes 2 days of talks with Turkish officials in Ankara.

Feb. 23—Clifford arrives in Nicosia, Cyprus, for talks with Cypriote leaders.

At his 2d news conference since he took office, President Carter says, "I never had the inclination to single out the Soviet Union as the only country where human rights are abridged." The President says that recent events in Uganda have "disgusted the civilized world."

The President also says that in his review of Central Intelligence Agency payments to foreign leaders he has not "found anything improper."

Feb. 24—Appearing before the Senate Appropriations Subcommittee on Foreign Operations, Secretary Vance says that the U.S. will reduce its foreign aid to Argentina, Uruguay and Ethiopia because of human rights violations in those countries; the U.S. will not reduce foreign aid to strategically necessary countries like South Korea although those countries violate human rights.

Feb. 25—The State Department announces that President Carter will send a high-level commission to Vietnam in March to negotiate for an accounting of the more than 1,900 Americans still missing in action.

Assistant Secretary for African Affairs William Schaefe summons senior Ugandan diplomat Paul Chepkwuri to the Department of State to express "the strongest possible U.S. concern about the implications that all Americans [in Uganda] were summoned to Kampala."

Congressional sources say that President Carter told congressional leaders on February 22 that he had tried to discourage the *Washington Post* from printing a story disclosing secret CIA payments to

King Hussein of Jordan. The President termed Hussein "our most reliable source" of Middle East information.

In Nicosia, Cyprus, at the close of his 10-day Mediterranean fact-finding trip, special envoy Clifford says that he hopes the Cyprus problem can be settled this year.

Feb. 26—The White House says it welcomes assurances from the Ugandan government that no harm is intended to some 200 Americans in Uganda and expects Americans to be "protected as is customary under international law."

Feb. 28—Secretary of State Vance tells the Senate Banking subcommittee that the Carter administration will support a bill that prohibits American companies from taking part in an Arab economic boycott of Israel.

Labor and Industry

Feb. 1—The National Broadcasting Company agrees to pay the Soviet Olympic Committee an amount that may total \$80 million for the exclusive rights to broadcast the 1980 Olympic Games to be held in Moscow.

Feb. 7—Secretary of Labor F. Ray Marshall tells the Cabinet at a meeting this morning that by the end of the first week in February 1,800,000 people have been forced out of work by the unusually severe weather and the natural gas shortage.

The General Motors Corporation reports that in 1976 profits totaled \$2.9 billion, the highest in company history.

Feb. 12—According to unofficial figures, Lloyd McBride is elected president of the Steelworkers Union; his opponent, Ed Sadlowski, refuses to concede and charges fraud in the voting.

Feb. 21—President of the AFL-CIO George Meany says that organized labor will not agree to President Carter's proposal to notify the federal government of union-negotiated wage increases before contracts are signed. Meany claims that government intervention in the negotiating process "would destroy collective bargaining."

Feb. 26—The Department of Commerce reports that as of February 19 the number of people unemployed because of the extreme cold and consequent fuel shortages in January and early February dropped from 1.2 million to about 218,000.

Legislation

Feb. 2—The Senate by a voice vote and the House by a 336-82 vote approve the emergency gas bill requested by President Carter allowing the government to shift natural gas supplies from surplus to shortage areas; the bill also suspends federal price controls on extra gas purchased by interstate pipelines until July 31.

President Carter signs the emergency gas bill.

Feb. 4—By an 89-1 vote, the Senate approves a plan to reorganize its committee system, reducing the number of Senate committees from 31 to 25.

In the Senate, Senator Abraham Ribicoff (D., Ct.) introduces a bill to give the President authority to reorganize the federal bureaucracy by executive order, subject to congressional veto.

Feb. 10—Chairman of the House Select Committee on Assassinations Henry Gonzalez (D., Tex.) moves to dismiss the committee's chief counsel Richard Sprague; the other 11 members of the committee sign a letter directing Sprague to disregard Gonzalez's notice of dismissal.

Feb. 24—The Senate unanimously approves Admiral Stansfield Turner as director of the Central Intelligence Agency.

Military

Feb. 4—U.S. intelligence officials say that both the U.S. and the U.S.S.R. are trying to develop high energy beams able to destroy incoming nuclear missiles.

Political Scandal

Feb. 22—Daniel Schultz, an attorney for 4 members of the Miami Cuban exile community, Bernard Barker, Eugenio Martinez, Virgilio Gonzales and Frank Sturgis, who were arrested in the Watergate break-in on June 17, 1972, says that his clients will receive \$200,000 from former President Richard Nixon's 1972 campaign fund in an out-of-court settlement; the 4 men charged that they had been misled into thinking they were operating under government sanction in the break-in.

Politics

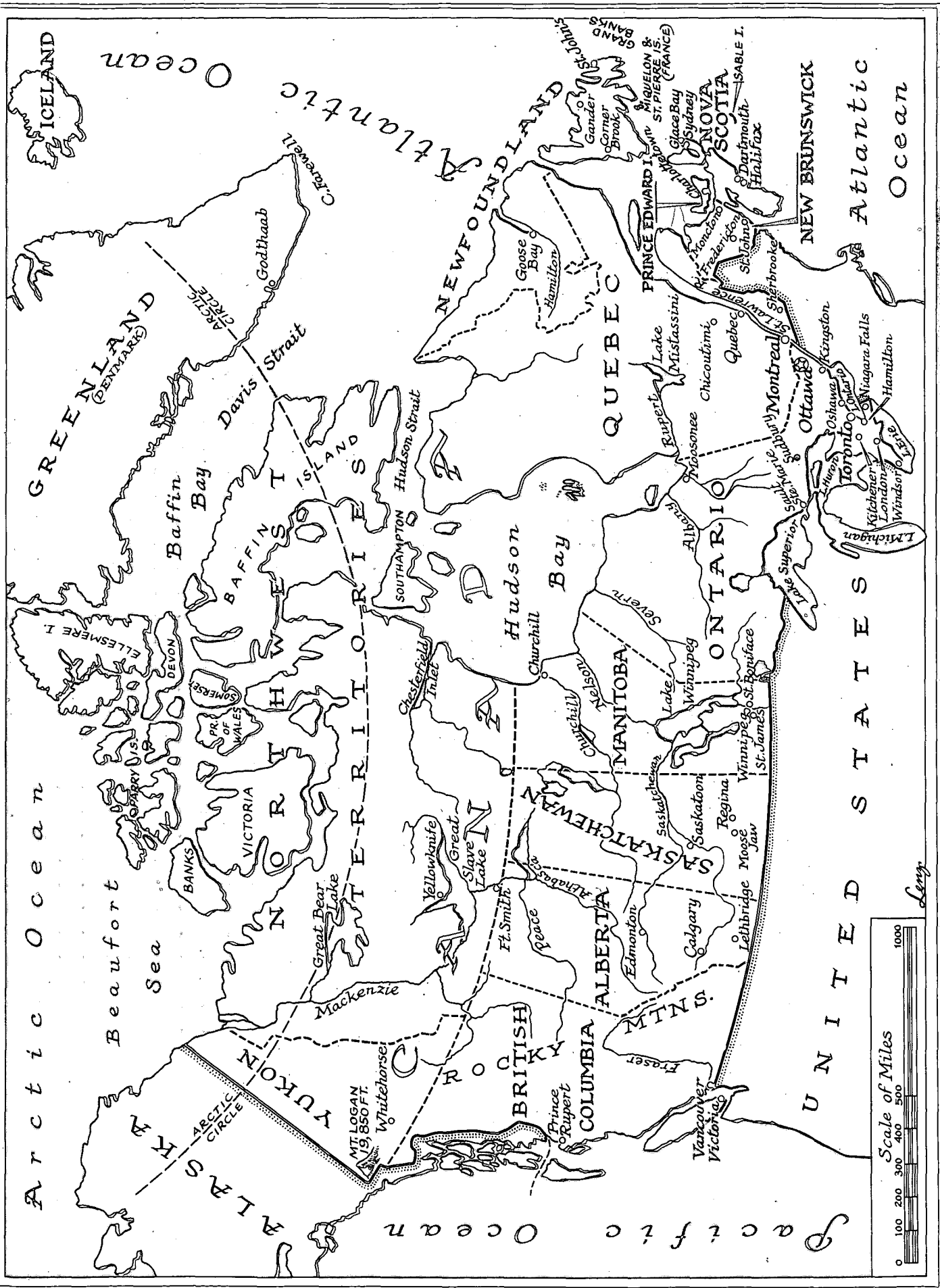
Feb. 14—According to a Common Cause study made public today in Washington, D.C., corporations, unions, and professional and trade associations contributed more than \$22.5 million to congressional candidates for election in 1976.

Supreme Court

Feb. 23—By a unanimous vote, the Supreme Court upholds a lower court ruling that allows the Environmental Protection Agency to impose binding, industry-wide regulations by setting precise limitations controlling the discharge of pollutants into the country's waterways.

VENEZUELA

Feb. 21—President Carlos Andrés Pérez denies the February 19 *New York Times* report that he accepted money from the U.S. Central Intelligence Agency while he was Minister of Interior in the 1960's.



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